

BHANIX FINANCE AND INVESTMENT LIMITED**NOMINATION & REMUNERATION POLICY**

Board Approval Date	Prepared by	Reviewed by	Version No	Last Review Date
June 30, 2025	Chief Compliance Officer (CCO) and Head HR	Chief Executive Officer (CEO)	4	April 25, 2024

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1. INTRODUCTION

Bhanix Finance and Investment Limited (hereafter referred to as 'BFIL' or 'the Company') is a public limited company registered under the Companies Act 1956 registered with the Reserve Bank of India ("RBI"). In accordance with the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, the company is categorized as a Non-Banking Financial Company – Middle Layer.

The Nomination and Remuneration Committee has formulated the Nomination and Remuneration Policy (Policy) in compliance with the Companies Act, 2013 and pursuant to the Reserve Bank of India directives.

This Policy on Nomination and Remuneration of Directors, Key Managerial Personnel, Senior Management and other employees has been approved and adopted by the Board of Directors.

2. OBJECTIVE AND PURPOSE OF THE POLICY

The objective and purpose of this policy are:

- a. To oversee the nomination process and lay down criteria and terms and conditions with regard to identifying persons who are qualified to become directors (executive and non-executive) and lay down criteria for persons who may be appointed in senior management and key managerial positions, with appropriate compensation.
- b. To ensure that the remuneration paid is competitive, enabling the Company to attract and retain employees capable of meeting the Company's needs and service delivery obligations.
- c. To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- d. The remuneration to the Directors, Key Managerial Personnel 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.
- e. To motivate and retain talented managerial personnel and create competitive advantage in the Compensation Policy for retaining employees.
- f. To carry on functions enshrined in Section 178 of the Companies Act, 2013 (18 of 2013, hereinafter "Act") read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 (hereinafter "the Rules") and any subsequent enactment/modifications issued under the Companies Act, 2013 and to carry on functions as may be prescribed by RBI.

3. DEFINITIONS

- **“Board”** means Board of Directors of the Company, as constituted from time to time.
- **“BFIL/The Company”** means Bhanix Finance and Investment Limited
- **“Benefits”** – It refers to parts of the remuneration offerings that are in addition to the Fixed Pay and Performance Bonus. Examples of benefits are products discounts, discounts provided by suppliers, health care and life insurance etc.
- **“Clawback”** - a contractual agreement between the employee and the company in which the employee agrees to return previously paid or vested remuneration/compensation to the company under certain circumstances.
- **“Committee”** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- **“CTC”** - Cost to Company.
- **“Director”** means a director appointed on the Board of the Company.
- **“Fixed Pay”** It includes basic salary, provident fund, house rent allowance, transport allowance, medical leave, travel allowance, gratuity and special allowance.
- **“Independent Director”** means an independent director referred to in Section 149 of the Companies Act, 2013.
- **“Key Managerial Personnel (KMP)”** shall have the same meaning as defined under Section 2(51) of the Companies Act, 2013, as amended from time to time.
- **“Malus Arrangement”** This permits the Company to prevent vesting of all or part of the amount of a deferred remuneration. Malus arrangement does not reverse vesting after it has already occurred.
- **“Performance Bonus”** is a form of additional compensation paid to an employee or department as a reward for achieving specific goals or hitting predetermined targets.
- **“Senior Management”** means personnel of the company who are members of its core management team excluding the Board of Directors comprising all members of management one level below the executive directors, including the functional heads.
- **“Regulations”** The Regulations refer to the applicable provisions of the Companies Act, 2013, read with the rules made thereunder; regulations prescribed by the Reserve Bank of India (including any amendments or enactments from time to time), any other applicable regulations or guidelines issued by any Government or regulatory body.
- **“Retention period”** A period of time after the vesting of instruments which have been awarded as variable pay during which they cannot be sold or accessed.

The policy is divided into 3 parts:

Part A - Terms of reference of the Nomination and Remuneration Committee.

Part B - Appointment, removal, retirement & evaluation of Director, KMPs And Senior Management.

Part C - Remuneration and perquisites of Directors, KMP, Senior Management and other employees.

4. SUCCESSION PLANNING

The committee will be responsible for overseeing the succession planning for the board and senior management personnel.

5. REVIEW/ REVISION OF POLICY

If at any point a conflict of interpretation/information between the policy and any regulations, Rules, guidelines, notification, clarifications, circulars, master circulars/ directions issued by Relevant authorities ("regulatory provisions") arises, then the interpretation of the regulatory Provisions shall prevail.

In case of any amendment(s) and/or clarification(s) to the regulatory provisions, the policy shall stand amended accordingly from the effective date specified as per the regulatory provisions.

**Part A: TERMS OF REFERENCE OF THE NOMINATION AND REMUNERATION COMMITTEE
['COMMITTEE']**

The Boards of NBFCs shall constitute a Nomination and Remuneration Committee (NRC). The NRC shall have the constitution, powers, functions, and duties as laid down in section 178 of the Companies Act, 2013. The NRC, inter alia, shall also have the mandate to oversee the framing, review, and implementation of compensation policy of the company which should have the approval of the board. The NRC may work in close coordination with Risk Management Committee (RMC) of the company to achieve effective alignment between compensation and risks. Further, the NRC may ensure that compensation levels are supported by the need to retain earnings of the company and the need to maintain adequate capital based on ICAAP. NRC may also ensure 'fit and proper' status of proposed/existing directors and that there is no conflict of interest in appointment of directors on Board of the company, KMPs and senior management.

As per the requirements of the Regulations, the Board of Directors at its meeting held on April 21, 2022, approved the Terms of Reference of the Nomination and Remuneration Committee as per the provisions of the Companies Act, 2013. The role of the Nomination and Remuneration Committee is to adhere to the Terms of Reference as approved by the Board of Directors and to carry out any other function as mandated by the Board from time to time and/or enforced by any Regulation, as may be applicable. The Nomination and Remuneration Committee shall perform such other functions as may be necessary or appropriate for the performance of its duties which inter alia include the following:

- i. Specify the manner for effective evaluation of the performance of the Board, its committees and individual directors and conduct performance evaluation on an annual basis.
- ii. To recommend to the Board the appointment and removal of Key Managerial Personnel or Senior Management Personnel
- iii. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel, and other employees.
- iv. Aligning key executive and board remuneration with the longer-term interests of the Company and its shareholders and ensure level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- v. To ensure 'Fit & Proper' status of the proposed /existing directors and that there is no conflict of interest in appointment of directors on Board of the company, KMPs and senior management.
- vi. To formulate, implement and administer the employee stock option scheme and any aspects related to the scheme as delegated by the Board of Directors from time to time.

Part B: APPOINTMENT, REMOVAL, RETIREMENT & EVALUATION OF DIRECTOR, KMP AND SENIOR MANAGEMENT

The Nomination and Remuneration Committee will strive to ensure the continuance of a dynamic and forward-thinking Board and recommend to the Board qualified candidates for directorship.

1. Appointment/Nomination criteria and qualifications:

- a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as a Director, KMP and Senior Management and recommend to the Board his/her appointment.
- b. A person should possess relevant qualification, expertise and experience for the position he/she is being considered for appointment. The Committee has the discretion to decide whether qualification, expertise and experience possessed by a person are sufficient/satisfactory for the concerned position.
- c. The Company shall not appoint or continue the employment of any person as Managing Director, who is below the age of twenty-one years or 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 by adhering to procedure and requirements of the applicable regulations.
- d. Suitable plans for orderly succession w.r.t. appointments to the Board and to senior management shall be formulated by the Human Resources department. In addition to the above, the Committee shall adhere to the requirements of the relevant circular/notification issued by the RBI with respect to the 'Fit & Proper Criteria', as amended from time to time, in relation to Directors of the Company at the time of appointment and on continuing basis.
- e. The Committee shall ensure that at least one of the Directors on the Board has relevant experience of having worked in a bank/NBFC.
- f. Appointment of all Directors shall be subject to the provisions of the Act and rules thereunder, RBI regulations and other applicable regulations, as the case may be.
- g. No person shall be eligible to be appointed as a Director if he is subject to any disqualifications as stipulated under the Act or any other law(s) for the time being in force.

Approval of shareholders for the appointment/ re-appointment of a director will be taken as per the requirement of the Act.

2. Term/ Tenure:

- a. Managing Director / Whole-Time Director (WTD):

The Company may appoint or re-appoint any person as its Managing Director / WTD for a term not exceeding five (5) years at a time.

b. Independent Director:

- i. An Independent Director shall hold office for such term as the Board may decide subject to a maximum term up to five (5) consecutive years on the Board of the Company and will be eligible for re-appointment as per the criteria laid down by the regulations as amended from time to time.
- ii. No Independent Director shall hold office for more than two (2) consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three (3) years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three (3) years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

3. Evaluation of Directors, KMP and Senior Management:

The Committee shall carry out evaluation of the performance of every Director based on detailed performance parameters, as per applicable Regulations. The performance parameters include but are not limited to the following:

- Expertise
- Objectivity and Independence
- Guidance and support in the context of life stage of the Company
- Understanding of the Company's business
- Understanding and commitment to duties and responsibilities
- Willingness to devote the time needed for effective contribution to the Company.
- Participation in discussions in effective and constructive manner
- Responsiveness in approach
- Ability to encourage and motivate the Management for continued performance and success.

The performance evaluation of KMP (other than Managing Director / WTD) and Senior Management shall be as per the prevailing HR policies and HR process framework implemented by the Company from time to time, in consultation with the Managing Director of the Company.

4. Removal:

Due to reasons w.r.t. any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations and breach of the Company's prevailing HR Policies, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance with the applicable Act, rules, regulations and HR policies.

5. Retirement:

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations and the prevailing HR policies of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position/

remuneration or otherwise even after attaining the retirement age, for the benefit of the Company, subject to compliance with regulations (if any) from time to time and if applicable as per the prevailing HR policies of the Company.

6. Resignation:

Any of the Directors, KMP or Senior Management may also resign from the office by giving formal notice of resignation in writing in advance to their respective reporting authority as per the HR policies of the Company.

Further, any retirement, removal, resignation of Directors, KMP or Senior Management shall be reported to the regulatory authorities within such time and in such manner and form as may be prescribed.

Part C: REMUNERATION FOR THE MANAGING DIRECTOR, WHOLE-TIME DIRECTOR, KMP, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES

The Committee, at the time of fixing remuneration is required to ensure the following:

- i. that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- ii. that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- iii. that the remuneration to directors, senior management and key managerial personnel 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.

1. Remuneration to Managing Director / Whole-Time Director:**a. Fixed Pay:**

The Managing Director / Whole-Time Director shall be eligible for monthly remuneration as may be approved by the Board on the recommendation of the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to provident fund, pension scheme, medical expenses and other perquisites, etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and other authorities, wherever required.

b. Other Provisions:

- i. The remuneration/compensation/commission, etc. to the Managing Director / Whole-Time Director, will be determined by the Committee and recommended to the Board for approval. The remuneration/compensation/commission, etc. shall be subject to the approval of the shareholders of the Company and Central Government, wherever required as per law.
- ii. The remuneration and commission to be paid to the Managing Director / Whole-Time Director shall be in accordance with the percentage/slabs/conditions as per the provisions of the Companies Act, 2013, and the rules made thereunder as amended from time to time.
- iii. Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board for its consideration.

2. Remuneration to Non-Executive / Independent Director

- i. Commission: The commission shall be fixed as per the Companies Act, 2013 and the rules made thereunder.
- ii. Sitting Fees: The Non-Executive / Independent Director may receive remuneration by way of fees for attending meetings of the Board or Committee(s) thereof and in line with the applicable provisions of the Companies Act, 2013.

3. Remuneration to Directors in other capacity:

The remuneration payable to the Directors including Managing Director / Whole-Time Director or manager shall be inclusive of the remuneration payable for the services rendered by him in any other capacity except the following:

- The services rendered are of a professional nature, and
- In the opinion of the Nomination and Remuneration Committee, the director possesses the requisite qualification for the practice of the profession.

4. Remuneration of KMP and Senior Management

Components and risk alignment:

The compensation of Key Managerial Personnel (KMPs) and senior management needs to be reasonable, recognising all relevant factors including adherence to statutory requirements and industry practices. The compensation packages may comprise of fixed, and variable pay components aligned effectively with prudent risk taking to ensure that compensation is adjusted for all types of risks, the compensation outcomes are symmetric with risk outcomes, compensation pay-outs are sensitive to the time horizon of the risks, and the mix of cash, equity and other forms of compensation are consistent with risk alignment.

Composition of Fixed Pay:

All the fixed items of compensation, including the perquisites and contributions towards superannuation/retiral benefits, may be treated as part of fixed pay. All perquisites that are reimbursable may also be included in the fixed pay so long as there are monetary ceilings on these reimbursements. Monetary equivalent of benefits of non-monetary nature (such as free furnished house, use of company car, etc.) may also be part of fixed pay.

Composition of Variable Pay:

The variable pay may be in the form of share-linked instruments, or a mix of cash and share-linked instruments. It shall be ensured that the share-linked instruments are in conformity with relevant statutory provisions.

Proportion:

The proportion of variable pay in total compensation needs to be commensurate with the role and prudent risk-taking profile of KMPs/senior management. At higher levels of responsibility, the proportion of variable pay needs to be higher. There should be proper balance between the cash and share-linked instruments in the variable pay in case the variable pay contains share linked instruments. The variable pay should be truly and effectively variable and can be reduced to zero based on performance at an individual, business-unit and company-wide level. In order to do so, performance measures and their relation to remuneration packages should be clearly defined at the beginning of the performance measurement period to ensure that the employees perceive the incentive mechanism.

Deferral of variable pay:

Not all the variable pay awarded after performance assessment may be paid immediately. Certain portion of variable pay, as decided by the Board of the company, may be deferred to time horizon of the risks. The portion of deferral arrangement may be made applicable for both cash and non-cash components of the variable pay. Deferral period for such an arrangement may be decided by the Board of the company.

Control and assurance function personnel:

KMPs and senior management engaged in financial control, risk management, compliance and internal audit may be compensated in a manner that is independent of the business areas they oversee, and total compensation includes fixed, and variable pay commensurate with their key role in the company. Accordingly, such personnel may have higher proportion of fixed compensation. However, a reasonable proportion of compensation may be in the form of variable pay, so that exercising the options of malus and/or clawback, when warranted, is not rendered infructuous.

Guaranteed bonus:

Guaranteed bonus may not be paid to KMPs and senior management. However, in the context of new hiring joining/sign-on bonus could be considered. Such bonus will neither be considered part of fixed pay nor of variable pay.

Malus/Clawback

The deferred compensation may be subject to malus/clawback arrangements in the event of subdued or negative financial performance of the company and/or the relevant line of business or employee misconduct in any year. A representative set of situations have been identified by the Company, which require them to invoke the malus and clawback clauses that may be applicable on entire variable pay. NRC shall determine the criteria for the application of malus and clawback, including the period during which malus and/or clawback is to be applied, covering at least the deferral and retention periods.

Circumstances (Indicative) under which application of Malus and Clawback is to be considered:

- i. Material breach of company's Code of Conduct, any Non-Disclosure Agreement, regulatory procedures, internal rules and regulations or any other such instance for which the NRC, in its discretion, deems it necessary to apply Malus or / and Clawback provisions.
- ii. Fraud, breach of trust, dishonesty, or wrongful disclosure by the employee of any confidential information.
- iii. Wilful misinterpretation / misreporting of financial performance of the company.
- iv. Any misconduct pertaining to moral turpitude, theft, misappropriation, corruption, forgery, embezzlement or of criminal nature.

- v. Non-disclosure of material conflict of interest by the employee or any misuse of official powers.
- vi. An act of wilful, reckless, grossly negligent conduct which is detrimental to the interest or reputation of the company.
- vii. Malus may also be applied in the situation of significant deterioration of financial or risk performance from one financial year to the next.
- a) The performance measures defined as part of goal setting process of the company; business threshold metric and sustainable business strategy framework would form the primary considerations for evaluating the application of Malus in this condition.
- b) The NRC may duly take into consideration factors that were within the control of the person, and/ or beyond reasonable control, on account of conditions such as macro events, market conditions, industry performance, changes in legal/regulatory requirements, force majeure events like occurrence of natural disasters, pandemic, other socio-economic conditions etc.

5. Disclosures in the Board's Report

The disclosures as required under the relevant provisions of the Companies Act, 2013 and RBI Circulars/Guidelines/Notifications/Directions, issued from time to time, shall be made with regard to the remuneration details of the Directors, KMPs, SMPs and other employees.

6. Remuneration of Other Employees

Apart from Directors, KMP and Senior Management, the remuneration of the rest of the employees will be determined on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexity and local market conditions in the competitive environment.

The Company considers it essential to incentivise the workforce to ensure adequate and reasonable compensation to the staff. The Human Resources department shall ensure that the level of remuneration motivates and rewards high performers who perform according to set expectations in their respective domain. The various remuneration components, basic salary, allowances and perquisites may be combined to ensure an appropriate and balanced remuneration package.

The annual increments to the remuneration paid to employees shall be determined based on the annual appraisal carried out by heads of various departments and as per the HR Policies and Processes of the Company as may be applicable from time to time.

Version Control

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1.	Version 1	21 st April 2022
2.	Version 2	28 th February, 2024
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