



**ORIX Auto Infrastructure Services Limited**  
**(CIN: U63032MH1995PLC086014)**

**NOMINATION AND REMUNERATION POLICY**

**Version 3.0**

## NOMINATION AND REMUNERATION POLICY

### **(I) Introduction:**

In terms of the Section 178 and other applicable provisions of the Companies Act, 2013, as amended from time to time, this Policy on Nomination and Remuneration of Directors, Key Managerial Personnel, Senior Management Personnel (“SMP”), Senior Accounting Officer (“SAO”) and other employees has been formulated, approved and adopted by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee.

### **(II) Policy Objective:**

The Nomination and Remuneration Committee has developed this Policy keeping in view the following aspects:

- (1) To guide the Board/lay down criteria in relation to appointment and removal of Director and KMP.
- (2) 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 as KMP with appropriate compensation.
- (3) To ensure that remuneration paid is competitive, enabling the Company to attract and retain employees capable of meeting the Company’s needs and service delivery obligations.
- (4) To recommend to Board of Directors of the Company on appointment of Directors including Independent Director and Key Managerial Personnel (KMP).
- (5) To consider and approve appointment of Senior Accounting Officer (“SAO”)
- (6) To ensure remuneration to Directors, KMP and SMP 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.
- (7) To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- (8) To consider and approve payment of remuneration to Directors, increase in remuneration of KMP and SMP and approve payment of incentives to Directors, KMP and SMP.
- (9) To specify the manner for effective evaluation of performance of Board, its committees, and individual Directors to be carried out either by the Nomination and Remuneration Committee and review its implementation and compliance.
- (10) to motivate and retain talented managerial personnel and create competitive advantage in compensation policy for retaining employees.

**(III) Definitions:**

- (1) 'Act' means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- (2) 'Board' means Board of Directors of the Company.
- (3) 'Company' means ORIX Auto Infrastructure Services Limited which is the subsidiary of "ORIX Corporation / ORIX Corp".
- (4) 'Committee' means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- (5) 'Directors' means Directors of the Company including Managing Director.
- (6) 'Key Managerial Personnel' means
  - (a) Chief Executive Officer or the Managing Director or the Manager;
  - (b) Whole-time Director;
  - (c) Chief Financial Officer;
  - (d) Company Secretary; and
  - (e) such other officer as may be prescribed in the Act
- (7) 'Nomination and Remuneration Policy' or 'Policy' means this Policy for remuneration of Directors, KMP, SMP and employees of the Company.
- (8) 'Senior Management Personnel' ("SMP") for the purpose of this Policy shall mean employees of the company who are members of its core management team which is known as Executive Committee of Management (not being Committee formulated by Board of Directors) and excluding Board of Directors. It would comprise all members of management one level below the Managing Director and Chief Executive Officer (CEO), which shall include all Business Heads and Functional Heads.
- (9) 'The Regulations' means the applicable provisions of the Articles of Association, various corporate codes, Policy etc., as amended from time to time.

This Policy is divided into four parts:

**Part – A** covers the terms of reference of the Nomination and Remuneration Committee;

**Part – B** covers the appointment and removal of Directors, KMP, SMP and SAO;

**Part – C** covers remuneration and perquisites of Directors, KMP, SMP, SAO and other employees; and

**Part – D** covers General Provisions.

## PART- A

### Terms of Reference of the Committee

As per the requirements of the Act, the Board of Directors at its Meeting held on March 9, 2015 had constituted the Committee. The Board has also approved the Charter of the Committee including its terms of reference in their meeting held on March 31, 2021 in accordance with the provisions of Act which is subject to review from time to time. The role of the Committee is to adhere to the terms of reference as approved by the Board of Directors and 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. The Committee shall perform such other functions as may be necessary or appropriate for the performance of its duties which inter- alia includes the following:

- (1) Reviewing the current Board composition, its governance framework and determine future requirements and making recommendations to the Board for approval.
- (2) Examining the qualification, knowledge, skill sets, positive attributes and experience of each director and their effectiveness to the Board on a yearly basis.
- (3) Scrutinizing nominations for Independent/Non-Executive/Executive Directors with reference to their qualifications and experience and provide its recommendation to the Board for appointment/removal/filling of vacancies.
- (4) To recommend to the Board of Directors about remuneration of Directors including Managing Director.
- (5) To lay down criteria in relation to appointment and removal of Directors and KMP
- (6) To identify the persons who are qualified to become Directors and KMP and recommendation to the Board for their appointment and/or removal.#

*#Directors and Chief Financial Officer (KMP), who signs of Annual Financial statement requires ORIX Corporation's prior approval.*

- (7) To identify the persons who are qualified to become Senior Accounting Officer (SAO) [*who signs of sworn statement over Annual Financial Information*] for his/her appointment and/or removal.\*

*\*To be pre-approved by ORIX Corporation*

- (8) To determine / lay down criteria for increase in remuneration of KMPs and SMP based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the industry.
- (9) To carry out evaluation of the performance of the Board of the Company, Committees of the Board and individual Directors of the Company
- (10) To carry out evaluation of KMP and SMP and approve increase in their remuneration and also to approve their elevation to next level depending on their performance.

- (11) To lay down criteria for payment of incentives to KMP and SMP and approve payment of incentives to them.
- (12) To note the incentives and commission schemes for employees other than SMPs and KMPs approved by the Managing Director
- (13) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- (14) Formulate the Nomination and Remuneration Policy and recommend to the Board of Directors for approval.

**PART- B****Policy relating to Appointment and Removal of Director, KMP, SMP and SAO**

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

**(I) Appointment/Nomination criteria and qualification:****(1) Director and KMP:**

- (a) Criteria: The Committee shall identify and ascertain the integrity, expertise and experience of the person for appointment as Director and KMP and recommend to the Board for his / her appointment. Appointment of Director and KMP (MD and CEO; and CFO) has to be pre-approved by ORIX Corporation, before approaching the Committee
- (b) Qualification: A person should possess adequate qualification for the position he / she is 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.

**(2) Senior Management Personnel:**

The Managing Director and CEO in consultation with Human Resource Department shall identify and appoint SMP (other than KMP) based on his/her qualification, expertise and experience for the concerned position or level.

**(3) Senior Accounting Officer:**

The Committee to identify the persons who is qualified to become SAO and approve his appointment. Appointment of SAO has to be pre-approved by ORIX Corporation, before approaching the Committee.

**(II) Term/Tenure:****(1) Managing Director/Whole-time Director:**

- (a) The Company shall appoint or re-appoint any person as its, Managing Director or 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.
- (b) The Company shall not appoint or continue the employment of any person as Whole-time Director/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 under the Act based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

Provided further that where no such special resolution is passed but votes cast in favour of the motion exceed the votes, if any, cast against the motion and the Central Government is satisfied, on an application made by the Board, that such appointment is most beneficial to the company, the appointment of the person who has attained the age of seventy years may be made.

(2) Independent Director:

(a) Appointment:

Appointment of Independent Director shall have to be recommended by the Committee to the Board of Directors for seeking its approval, However, prior approval of ORIX Corporation shall be necessary before approaching Committee.

(b) Term:

(i) 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 as per the criteria laid down by the Act and Regulations as amended from time to time.

(ii) No Independent Director shall hold office for more than two consecutive terms of 5 years, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

(c) Compliance with the criteria of Independence as prescribed under Section 149 of the Act and other applicable laws, if any including:

(i) Commitment to abide by the Code for Independent Director(s) as prescribed under the Act.

(ii) Person(s) proposed to be appointed as Independent Director(s) shall provide a declaration affirming compliance with the criteria of independence as set forth in the Act, Rules made thereunder and other application laws, if any.

(iii) Existing Independent Directors on the Board of the Company shall provide signed declaration with respect to compliance with the criteria of Independence as set forth in the Act and other application laws, if any, on annual basis, confirming no impairment to the status of independence.

(iv) The Committee shall scrutinize the declarations affirming compliance with the criteria of independence, as mentioned herein above, received from proposed / existing Independent Director(s).

**(III) Performance Evaluation of the Board of the Company, Committees of the Board and Directors:**

- (1) The Committee shall carry out evaluation of performance of the Board of the Company, Committees of Board and individual Directors of the Company at regular interval (yearly).
- (2) Performance Evaluation of Independent Directors shall be done by the entire Board of Directors as per the applicable provisions of the Act.

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

**(IV) Retirement:**

The Director, KMP, SMP and SAO shall retire as per the applicable provisions of the Act or under the Regulations and the prevailing HR policy of the Company, as the case may be. The Board will have the discretion to retain the Director and KMP, in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company, subject to compliance of Regulations, if any, and prevailing HR Policy of the Company, as the case may be. Further, the Managing Director and CEO will have the discretion to retain the SMP in the same position/remuneration after attaining the retirement age.

**(V) Removal:**

Due to reasons for any disqualification mentioned in the Act or Regulations or breach of Company's prevailing HR policy of the Company or violations of Code of Conduct, the Director, KMP, SMP and SAO may be removed as per the procedure stated below:

(1) Director including External Director:

The Committee to recommend to the Board of Directors for removal of Director. However, prior approval of ORIX Corporation, shall have to be obtained before approaching the Committee.

(2) KMP:

The Committee to recommend to the Board of Directors for removal of KMP. However, for removal of KMP who MD and CEO are; and CFO, prior approval of ORIX Corporation shall have to be obtained before approaching the Committee

(3) SMP

Managing Director of the Company shall decide removal of SMP, other than KMP of the Company.

(4) SAO

The Committee to approve the removal of SAO, however prior approval of ORIX Corporation shall be necessary.



**PART- C****Policy relating to the Remuneration for the Whole-time Director, KMP, SMP, SAO and other employees****(I) Remuneration and payment of incentives to Managing Director/Whole Time Director:****(1) Fixed pay:**

The Managing Director/Whole-time Director shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup 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 and Central Government, wherever required.

**(2) Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director / Managing Director in accordance with the provisions of the Act, Schedule V of the Act and with the approval of the Central Government, if and to the extent required.

**(3) Incentives:**

Incentive of MD shall be determined by ORIX Corporation as per the contract executed by the Company with MD and shall be approved by the Committee.

**(4) Other Provisions:**

- (a) The remuneration / compensation / commission etc. to the 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 also subject to the approval of Central Government, wherever required as per the law.
- (b) The remuneration / compensation / commission etc. to the Managing Director, shall be as per the contract executed by the Managing Director with the Company. The terms and conditions of the appointment to be incorporated in the contract shall have to be reviewed by the Committee and recommend to the Board for seeking approval of shareholders which shall be subject to the approval of the Central Government, wherever required as per the law.
- (c) The remuneration and commission to be paid to the Whole-time Director including Managing Director and CEO shall be in accordance with the percentage / slabs / conditions as per the provisions of the Act, Regulations as amended from time to time, or as approved by the shareholders of the Company as deemed appropriate by the Committee.

- (d) Increments to the existing remuneration / compensation structure of Whole-time Director, Managing Director and CEO shall be approved by the Committee or the Board, as the case may be.

**(II) Insurance Premium**

Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Managing Director, SMPs or KMPs 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 Company shall take Director and Officer Liability Insurance Policy on an annual basis.

**(III) Remuneration to Non- Executive / Independent Director:**

(1) Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof as fixed by the Board of Directors from time to time and in line with the applicable provisions of the Act.

(2) Commission:

Commission may be paid within the monetary limit approved by the Board of Directors and shareholders, subject to the limit / slabs and conditions mentioned in the Regulations and as per the Act, as amended from time to time.

**(IV) Performance Evaluation and Remuneration of KMP and SMP:**

- (1) The performance evaluation of KMP (other than Managing Director/Whole Time Director) and SMP shall be done as per the prevailing Human Resource Policy and based on the criteria approved by the Committee from time to time, in consultation with the Managing Director and CEO of the Company.
- (2) The remuneration determined for the KMP and SMP shall be in line with the Company's philosophy to provide fair compensation to key-executive officers based on their performance and contribution to the Company and to provide incentives that attract and retain key executives, instil a long-term commitment to the Company, and develop a pride and sense of Company ownership, all in a manner consistent with shareholder interests.

**(V) Performance Evaluation and Remuneration of SAO:**

The Managing Director shall carry out the performance evaluation of Senior Accounting Officer (SAO) which includes promotion and also approve payment of remuneration and incentives with the prior approval of ORIX Corporation.

**(VI) Remuneration of other employees (other than KMP and SMP):**

The Company considers it essential to incentivize 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 in the remuneration paid to employees shall be determined based on the annual appraisal carried out by Head of various Department basis of the role and position of the individual employee, achievement of performance in line with goals and targets set, professional experience, responsibility, job complexity and local market conditions in competitive environment as well as prevailing HR Policy. The Managing Director of the Company shall approve the annual increment/incentives to be paid to such employees.

## PART– D

### General Provisions

**(I) Frequency of Meetings:**

The meeting of the Committee shall be held at such regular intervals as may be required.

**(II) Quorum of the Meetings:**

Any two members or one-third of the members, whichever is higher, present at the meeting shall form a Quorum. At least one member shall compulsorily be the Director representing ORIX Corporation.

**(III) Resolution / Decision:**

Any matter placed before the Committee shall be decided by a resolution and in case of equality of votes in favour or against the resolution placed before the Committee, the Chairman of the Committee shall have casting vote.

**(IV) Committee Members' Interests:**

- (1) A member of the Committee is not entitled to participate in discussion or vote when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- (2) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

**(IV) Minutes of Committee Meeting:**

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

**(V) Amendment:**

The Committee reserves its right to amend or modify this Policy in whole or in part, at any time, without assigning any reason whatsoever. However, no such amendment or modification shall be binding unless the same is notified in writing.

In case any amendments, clarifications, circulars and guidelines, not being consistent with the provisions laid down under this Policy, then the provisions of such amendments, clarifications, circulars and the guidelines shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly effective from the date as laid down under such amendments, clarifications, circulars and guidelines.

**Revision History**

Revision date	Description	Revised by	Version #
March 26, 2015	Introduction	Jay Gandhi	1.0
May 19, 2015	Pursuant to decision of the Board in its meeting held on April 24, 2015	Jay Gandhi	2.0
March 25, 2022	Revision	Secretarial Team	3.0