

**AMBIT FINVEST PRIVATE LIMITED**

**REMUNERATION POLICY FOR THE DIRECTORS AND EMPLOYEES**

**Version Control**

<b>Version</b>	<b>Document Owner*</b>	<b>Approval</b>	<b>Version Description</b>	<b>Regulatory Reference</b>
I	-	Board Meeting - 16.05.2019	Formation of the Policy	RBI/DNBR/2016- 17/45 Master Direction DNBR. PD. 008/03.10.119/2016- 17
II	Reena Sharda & Amrita Pillai (Compliance & Legal)	Board Meeting - 24.06.2020	Annual Review	Nil

\*w.e.f. June, 2020

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## **1. Background**

Ambit Finvest Private Limited (hereafter referred to as ‘the **AFPL**’/ ‘**the Company**’) is a private limited company incorporated under the provisions of the Companies Act, 1956 and is a Reserve Bank of India (RBI) registered Systemically Important Non-Deposit Accepting or Holding Non-Banking Financial Company (“NBFC-NDSI”). The Company has become a “Systemically Important” Non- Deposit Accepting or Holding Non-Banking Financial Company effective from September 01, 2018.

The Company is a subsidiary of its parent company name “Ambit Private Limited”. It is engaged primarily into the business of Structure Finance and SME Financing activities.

This Policy is framed to ensure compliance with the relevant applicable provisions of the Companies Act, 2013 and guidelines of Reserve Bank of India (RBI) on Corporate Governance issued vide circular reference DNBR (PD) CC.No.002/ 03.10.001/ 2014-15 dated November 10, 2014.

## **2. Policy and its Objectives**

The primary objective of the Remuneration Policy is to recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and other employees. It also aims at to retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage. Following stated are some of the broad principles and objectives:

### **A. Principles and Objectives of the Company’s Remuneration Policy for Directors are as under:**

- To ensure 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.
- To ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- To ensure that remuneration to directors 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.

- Compensate Directors adequately for the efforts put in by them for the growth of the Company taking into consideration their significant professional expertise and rich experience across a wide spectrum of functional areas and time commitment.

**B. Principles and Objectives of the Company’s Remuneration Policy for the employees are as under:**

(a) Attract and retain Talent:

- Pay elements and structure to be market competitive to attract best talent to execute organization’s strategy
- Reward meritocracy, with differentiation based on both financial and non-financial performance
- Enable discretionary incentives for key roles – including equity awards / ESOPs

(b) Aligning Risk and Remuneration:

- Compensate employees based on contribution and risk adjusted performance demonstrated over time and balanced with appropriate recognition for short term results and contributions
- Reward programs to be designed to – incentivize sales in line with preferred customer profiles and rigorous screening norms , specifically discourage mis-selling and process shortcuts
- Rewards not just based on quantitative (financial) parameters alone; but also on how performance is achieved, including process adopted, prudent judgment and controls exercised
- Reward good behaviour and organizational stewardship, that conserves franchise reputation
- Evaluate incentive programs on an iterative basis, recognizing that market dynamics, process maturity may result in future changes
- Educate employees that poor risk management practices and deviation from organization’s risk management philosophy may lead to an adverse impact on incentives including loss/reduction or elimination of previously awarded incentive compensation

(c) Emphasize alignment with Values at overall group level.

(d) Evaluate and Reward Performance over Time:

- Program designed to ensure balance between short term versus long term financial performance and health of the organization
- (e) Drive long term commitment and ownership for decisions through long term equity investment plans and/or equity awards, stock options, purchase schemes of the Company and or other Ambit group entities Balance between fixed and variable component

### **C. Remuneration to Non-executive / Independent Directors**

- (a) **Sitting Fees and Other Expenses**
- In addition to the above, Non-executive / Independent Directors will be paid sitting fees, travelling expenses including airfare, hotel stay and car on rental basis for attending the meetings and such other expenses as are incurred by the directors and allowed to be reimbursed as per the provisions of the Companies Act, 2013, RBI Circulars/ Guidelines/ Notifications/ Directions issued from time to time and any other regulatory provisions applicable to the company and/or its' business. Sitting Fees for attending various committees of the Board shall be as decided by the Board from time to time.
- (b) **Stock Options**
- The Non-Executive Directors (excluding Independent Directors) shall be eligible for stock options of the Company and/or other Ambit group entities as may be decided by the Nomination and Remuneration Committee ("NRC") of the Company from time to time.
  - The Independent Directors shall not be eligible for stock options.
- (c) **D&O Policy**
- The Non-executive / Independent Directors shall be covered under the Directors and Officers Liability Insurance ("D&O") Policy.

### **D. Remuneration to Whole-time / Executive Directors**

- (a) The remuneration paid to Whole-time / Executive Directors includes fixed salary, perquisites, variable pay in the form of performance bonus, certain retirement benefits, allowances and other benefits, shall be paid in accordance with the Ambit's Group Policy.

- (b) Annual increments to Whole-time / Executive Directors, if any, shall be linked to their overall performance, from time to time and subject to any regulatory approval, if applicable, to the company and/or its' business.
- (c) Commission
  - No commission shall be paid to the Whole-time / Executive Directors of the Company.
- (d) Stock Options
  - The Whole-time / Executive Directors could also be granted stock options, if eligible, as per the scheme of the Company, from time to time, as approved by the NRC.
- (e) D&O Policy
  - The Whole-time / Executive Directors shall be covered under the Directors and Officers Liability Insurance ("D&O") Policy.

### **3. Responsibility of Employees**

Employees must conduct themselves to ensure that no breach of Code of Conduct and applicable Codes is committed. Any such breach could have a direct bearing on their performance appraisal, long term incentives and rewards and could also attract appropriate disciplinary action.

### **4. Disclosure**

The Company shall make disclosures as required under the RBI regulations and the Companies Act, as amended from time to time and under other applicable laws.

### **5. Review**

This Policy may be amended, modified or supplemented, from time to time, with the approval of the NRC, to ensure compliance with any amendment, modification or supplementation to the Companies Act, 2013 and rules made there under, RBI regulations/guidelines or any other law and any other regulatory provisions applicable to the Company and/or its' business relating to employee/directors' compensation or internal requirements/policies, issued from time to time. Any such amendment if need to be made before the NRC meeting, then same shall be made with the approval from the Executive Chairman of the Company, which shall be ratified at the next NRC meeting.