



ASSET RECONSTRUCTION COMPANY (INDIA) LIMITED

NOMINATION AND REMUNERATION POLICY

(Approved in Board Meeting held on June 14, 2025)

Human Resource & Company Secretarial Group

NOMINATION AND REMUNERATION POLICY

I. Preface:

The Nomination and Remuneration Policy ("the Policy") is being formulated in compliance with Section 178 of the Companies Act, 2013 and read along with the applicable rules as amended from time to time and Regulation 19 read with Part D of Schedule II of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") as amended from time to time and the Reserve Bank of India directions as may be required from time to time.

The Policy is designed to attract, motivate and retain best human talent in a competitive market. The Policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders. The Policy applies to the Company's Board of Directors, members of the Senior Management including Key Managerial Personnel and other employees of the Company.

II. Definitions:

"Act" means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

"Board" means Board of Directors of the Company.

"Company" shall mean Asset Reconstruction Company (India) Limited (Arcil).

"Directors" means Directors of the Company.

"Independent Director" means an independent director referred to in sub-section (6) of Section 149 of the Act.

"Key Managerial Personnel" means:

- i. Chief Executive Officer or the Managing Director or the Manager;
- ii. Whole-time Director;
- iii. Company Secretary;
- iv. Chief Financial Officer and
- v. such other officer as may be prescribed by the Act and SEBI Listing Regulations from time to time.

“Nomination & Remuneration Committee” herein after referred to as the **“NRC”** means the Committee of the Board of Directors of Arcil constituted pursuant to the provisions of Section 178 of the Act.

“Remuneration” means any money, or its equivalent given or passed to any Director, Key Managerial Personnel, members of the Senior Management and other employees of the Company for services rendered by him and includes perquisites as defined under the Income-Tax Act, 1961.

“Senior Management” shall mean the officers and personnel of the Company who are members of its core management team excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

III. Objective:

The objective of the Policy is to:

- have a Board of an effective composition, size, competence, qualification and commitment to adequately discharge its responsibilities and duties;
- have coherent remuneration policies and practices to attract and retain directors and executives who will create value for the shareholders;
- adhere /adopt to policies and best practices as prevalent in the market place.
- ensure that the remuneration to Directors, key managerial personnel, senior management and other employees involves a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

IV. Constitution of Nomination and Remuneration Committee (“NRC”):

“Membership”

- The Committee shall consist of a minimum of 3 non-executive directors, majority of them being independent;
- Minimum two (2) members including at least 1 independent director in attendance or one third of the members of the committee including at least 1 independent director in attendance, whichever is greater, shall constitute a quorum of the Committee and the participation of members by video conferencing or other audio visual means shall also be counted for the purpose of quorum;

- Membership of the Committee shall be disclosed in the Annual Report;
- Term of the Committee shall be continued unless terminated by the Board of Directors.

“Chairman”

- Chairman of the Committee shall be an Independent Director;
- Chairman of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee;
- In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman;
- Chairman of the NRC or in his absence, any other member of the Committee authorised by him in this behalf shall attend the General Meeting of the Company and answer the shareholders’ queries, if any.

“Frequency of Meetings”

- The Committee shall meet at least once in a financial year.

“Voting”

- Matters arising for determination at Committee meetings shall be decided by a majority of votes of members present and voting and any such decision shall for all purposes be deemed a decision of the Committee;
- In the case of equality of votes, the Chairman of the meeting will have a casting vote.

“Minutes of Committee Meeting”

- Proceedings of all meetings must be recorded as minutes and signed by the Chairman of the Committee as stipulated under the Act. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

V. Procedure for Appointment and Removal of Directors, Key Managerial Personnel and Senior Management:

“Appointment”

- i. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, Key Managerial Personnel (KMP) or at Senior Management level and recommend to the Board his / her appointment.

- ii. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee will have the authority to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the position.
- iii. The Company shall not appoint or continue the employment of any person as Managing Director/ Whole-time Director who has attained the age of seventy years.
- iv. The appointment of a director shall be made in accordance with conditions, if any, prescribed by any of the statutory authorities from time to time, as applicable to the Company.

“Removal”

- i. Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, or material breach of any of the Policies of the Company, the Committee may recommend, to the Board with reasons recorded in writing, removal of any Director, KMP or Senior Management Personnel and other employees subject to the provisions and compliance of the said Act, rules and regulations.

VI. Term / Tenure:

i. Managing Director/CEO or Whole-time Director:

The Company shall appoint or re-appoint any person as its Managing Director/CEO 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. The re-appointment of Managing Director is subject to a maximum period of 15 years continuously. No person shall continue as Managing Director/CEO or Whole-time Director beyond the age of 70 years.

ii. Director:

With effect from April 1, 2025, the continuation of a director serving on the Board shall be subject to the approval of the shareholders of the Company, in a general meeting at least once in every 5 (five) years from the date of their appointment or reappointment, as the case may be.

Further, the continuation of a director serving on the Board as on March 31, 2025 whose continuation has not been approved by the shareholders of the

Company for the last five years or more, shall require the approval of the shareholders of the Company in the first general meeting to be held after March 31, 2025.

However, no shareholders resolution is required for the continuation of a whole time director, managing director, manager, independent director or a director retiring by rotation as per the requirement of the Act and the Listing Regulations, if shareholders' approval for the reappointment or continuation of such directors or manager has been obtained under the provisions of the Act or the Listing Regulations.

iii. Independent Director:

An Independent Director shall hold office for a term up to three consecutive years on the Board of the Company and will be eligible for re-appointment subject to shareholder approval 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 three years each. The total tenure of Independent Director shall be 6 (six) years from the date of appointment of such Director.

But such independent director shall be eligible for appointment after expiry of 3 (three) years of ceasing to become an independent director. An independent director shall not, during the said period of 3 (three) years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. At the time of appointment of independent director, it should be ensured that number of boards on which such independent director serves, is restricted to applicable regulations in force.

iv. Retirement:

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policies of the Company. Subject to applicable Law, 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.

VII. Policy for Remuneration to Directors, KMP, Senior Management Personnel and Other Employees:

i. Remuneration to Managing Director / Whole-time Directors:

- The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors shall be governed as per provisions of the Companies Act, 2013, rules made there under SEBI Listing Regulations or any other enactment for the time being in force and the approvals obtained from the Board of Directors and Shareholders.
- The NRC shall make such recommendations to the Board of Directors, as may consider appropriate with regard to remuneration to Managing Director/ Whole-time Directors.
- The NRC shall play a pivotal role in the succession planning of the Board, the CEO & Managing Director as detailed in the Succession Planning Policy of the Company
- The elements of compensation of the Managing / Whole-Time Directors shall be as mentioned below:
 - a. Fixed Compensation
 - b. Variable Compensation in form of Annual Incentive
 - c. Work related facilities and perquisites.
- The NRC shall determine the annual variable compensation for the Managing / Whole-Time Directors based on the Company's and individual's performance against yearly pre-agreed objectives.
- The Managing / Whole-Time Directors, except for a promoter director, will also be eligible for ESOPs as per the ESOP scheme in force from time to time. Grants under the ESOP scheme shall be approved by the NRC.
- During the situation of the absence or inadequacy of profits in any financial year, the remuneration payable to the Managing / Whole-Time Directors shall be subject to the relevant provisions of the Act.
- The Managing / Whole-Time Directors will not be paid sitting fee for any Board / committee meetings attended by them.

ii. Remuneration to Non- Executive / Independent Directors:

- The Non-Executive / Independent Directors may receive sitting fees and such other remuneration including commission as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the NRC and approved by the Board of Directors subject to the limits set in the Companies Act, 2013.
- The sitting fee payable for attending Board and Committee meetings will be fixed subject to statutory ceiling. The fee will be periodically reviewed to align the same with best prevailing in the industry.
- 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, rules made there under SEBI Listing Regulations or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the NRC and approved by the Board of Directors or shareholders, as the case may be.

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.

- Non-Executive Directors / Independent Directors are entitled to receive all travelling and other expenses incurred by them for attending Company's Affairs including meetings of the Company.
- 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 mentioned 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.
- The NRC of the Company, while 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).

iii. Remuneration to Key Managerial Personnel, Senior Management and Other Employees:

- The remuneration to Key Managerial Personnel, Senior Management and other Employees shall consist of fixed pay and variable pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
- The NRC of the Company, while administering the Employee Stock Option/ Purchase Schemes, shall determine the stock options and other share based payments to be made to Key Managerial Personnel, Senior Management and other Employees.
- The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from to time.
- The Variable pay shall be decided based on the balance between the performance of the Company and performance of the Key Managerial Personnel, Senior Management and other Employees, to be decided annually or at such intervals as may be considered appropriate.
- The remuneration including performance based variable pay, and yearly increments will be recommended by the Managing Director to the NRC and thereafter to the approval of Board, for other Employees it will be considered as per HR Policy of the Company.

VIII. Review and Amendment of the Policy:

The Policy may be amended or substituted by the Board as and when required or when there are statutory or regulatory changes necessitating the change in the Policy. This Policy shall be reviewed by the Board on the recommendation of NRC Committee on an annual basis. Any deviation from the policy shall be approved by the Board of Directors.