

KKR INDIA ASSET FINANCE LIMITED

NOMINATION AND REMUNERATION POLICY

1. OBJECTIVE

KKR India Asset Finance Limited (earlier known as KKR India Asset Finance Private Limited) (KIAFL) is a Non-Banking Financial Company ('NBFC') operating under Reserve Bank of India ('RBI') regulations/directions and its activities are governed by the various Indian laws and RBI regulations/directions. Over the years, KIAFL has created a niche place for itself in the Indian financial services market.

KIAFL is committed to and conducts its business activities lawfully and in a manner that is consistent with its compliance obligations. Activities of KIAFL are conducted in line with RBI / Company Law and prevailing local regulations/rules/laws/Acts. In the event this Policy is at variance with regulations/rules/laws/Acts at any stage due to omissions or changes in regulations/rules /laws/Acts, the regulations/rules/laws/Acts would prevail. If any clarifications are needed on these regulations/rules /laws/Acts, the same must be referred to Compliance Officer for its final opinion on the issue.

The Board of Directors of KIAFL has constituted a Nomination Committee in accordance with the provisions of the Companies Act, 2013.

The Nomination Committee and this Policy are in compliance with requirements of the Companies Act, 2013, RBI Master Directions read along with the applicable rules thereto.

Following are the key objectives of the Nomination Committee:

- a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management;
- b) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board and recommend the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management; and
- c) To ensure that compliance with the Remuneration Policy and duties of Nomination Committee as required under the Companies Act, 2013 read along with the applicable rules thereto.

2. DEFINITIONS

- a) Key Managerial Personnel: Chief Executive Officer, Executive Directors, Chief Financial Officer and Company Secretary or any other personnel as prescribed under Companies Act, 2013
- b) Senior Management: means personnel who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the executive directors including all functional heads
- c) "Nomination Committee" means the Nomination and Remuneration Committee of the Board of Directors of KIFSPL constituted under provisions of Companies Act, 2013

3. ROLE AND RESPONSIBILITIES

The role of the Nomination Committee *inter-alia* is as set out below:

- a) Identify persons who are qualified to be Directors or who may be appointed in Senior Management, in accordance with criteria as laid down and recommended to Board for their appointment and removal;
- b) Ensure persons proposed to be appointed on the Board do not suffer any disqualifications for being appointed as a director under the Companies Act, 2013;
- c) Ensure that the proposed appointees have given their consent in writing to KIAFL;
- d) Ensure that the proposed candidates meet the “Fit and Proper Criteria” as provided in the “Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions” or any amendments thereof from time to time;
- e) Review and carry out every Director’s performance considering the structure, size and composition including skills, knowledge and experience required by the Board. Evaluate current position of such Director and make recommendations, if any, to the Board with regard to any changes;
- f) Plan for the succession planning for Directors in the course of its work, taking into account the challenges and opportunities faced by KIAFL, and what skills and expertise are therefore needed on the Board in the future;
- g) Be responsible for identifying and nominating candidates to the Board to fill any vacancies as and when they arise;
- h) Review the leadership needs of the organization, both executive and non-executive;
- i) Recommend to the Board the framework for broad policy setting out criteria for determining qualifications, positive attitudes and independence of a director and recommend to the Board a policy, relating to remuneration for the Directors, Key Managerial Personnel and other employees;
- j) Review the on-going basis appropriateness and relevance of the remuneration policy; and
- k) Ensure that all provisions regarding disclosure of remuneration and Remuneration Policy under the Companies Act, 2013 or such other acts, rules, regulations or guidelines are complied with.

4. CONSTITUTION

The Nomination Committee shall be constituted in accordance with the provisions of the Companies Act, 2013 i.e. 3 or more non-executive directors out of which not less than one half shall be independent directors.

Provided that the chairperson of KIAFL (whether executive or non-executive) may be appointed as a member but shall not chair this Nomination Committee.

5. FREQUENCY OF MEETINGS

The meeting of the Nomination Committee shall be held at least once in a year or at such regular intervals as may be required by the Nomination Committee or as directed by Board of Directors.

6. GUIDING PRINCIPLES

Nomination Committee while exercising its functions as described under Role and Responsibilities above, will be guided by following broad principles:

- a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors / Key Management Personnel and Senior Management Officials of the quality required to run KIAFL successfully;
- b) The relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- c) The remuneration to 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 KIAFL and its goals; and
- d) A member of the Nomination Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated. The Nomination Committee may invite such executives including Key Managerial Persons and Senior Management, as it considers appropriate, to be present at the meetings of the Nomination Committee.

7. MINUTES OF NOMINATION COMMITTEE MEETING

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

8. REVIEW AND ALTERATION OF NOMINATION AND REMUNERATION POLICY

This Policy may be reviewed from time to time as the Nomination Committee may deem fit. Any modification and change in this Policy will be subject to approval of Board of Directors based on recommendation of Nomination Committee.