

Nuvama Wealth Finance Limited

Criteria of making payments to Non-executive Directors

Preamble

With changes in the Corporate Governance norms, the role and responsibilities of Non-executive Directors (NEDs) and the degree and quality of their engagement with the Board has undergone a substantial change over a period of time. The NEDs bring in a wider perspective in the deliberations and decision making of the Board which adds value to the Company. They also play a crucial role in the independent functioning of the Board. They provide leadership and strategic guidance, while maintaining objective judgment. The responsibilities and obligations imposed on the NEDs have increased manifold in the recent years on account of a number of factors, including the growth in the activities of the Company and the rapid evolution arising out of legal and regulatory provisions and requirements.

The SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended from time to time (hereinafter referred as “**Listing Regulations**”), requires every Company to publish its criteria of making payments to Non-Executive Directors (which expression includes Independent Directors) (hereinafter referred as “**NEDs**”) in its annual report. Alternatively, these criteria may be put up on the Company’s website and reference may be drawn thereto in its annual report.

Regulatory Process

Section 197 of the Companies Act, 2013 and Regulation 17(6) (a) of the Listing Regulations require the prior approval of the shareholders of a Company for making payment to its NEDs. However, in accordance with Regulation 17(6) (b) of the Listing Regulations, the requirement of obtaining prior approval of shareholders in general meeting shall not apply to payment of sitting fees to NEDs, if made within the limits prescribed under the Companies Act, 2013 for payment of sitting fees without approval of the Central Government.

Regulation 17(6) (ca) of the Listing Regulations mandates the approval of shareholders by special resolution every year, in which the annual remuneration payable to a single NED exceeds 50% of the total annual remuneration payable to all NEDs, giving details of the remuneration thereof.

Overall Remuneration to NEDs

The overall remuneration to NEDs is :

- a. reflective of the size of the Company, complexity of the company’s operations and the company’s capacity to pay the remuneration;
- b. reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company;
- c. commensurate with the responsibilities of the Directors; and
- d. consistent with recognised best practices.

Criteria for Payment of Sitting Fee/Remuneration to NEDs

- a. **Sitting Fees:** The NEDs may receive remuneration as approved by the Board of Directors by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One (1) lakh per meeting of the Board or the Committee or such amount as may be prescribed by the Central Government from time to time.
- b. **Commission:** Section 197 of the Companies Act, 2013 allows a Company to pay remuneration to its NEDs either by way of a monthly payment or at a specified percentage of

the net profits of the Company or partly by one way and partly by the other. Further, the section also states that where the Company has either Managing Director or Whole-time Director or Manager, then a maximum of 1% of its net profits can be paid as remuneration to its NEDs. In case there is no managing director or whole-time director or manager, then a maximum of 3% of net profit can be paid.

- c. **Criteria for Sitting Fee and Commission:** Within the parameters prescribed by the Companies Act, 2013, the quantum of sitting fees and commission will be recommended by the Nomination and Remuneration Committee (“NRC”) and approved by the Board of Directors of the Company, based upon the outcome of the evaluation process. The evaluation process is driven by various factors including attendance and time spent in the Board and Committee meetings, individual contributions at the meetings and contributions made by Directors other than in meetings etc..

The aggregate commission payable to all the NEDs is recommended by the NRC to the Board based on the Company’s performance, profits, return to investors, shareholder value creation and such other qualitative parameters. Depending on the additional time devoted and contribution made, the Board of Directors, from time to time, decides to pay additional commission to one or more NEDs.

- d. **Reimbursement of actual expenses incurred:** The NEDs are also entitled for reimbursement of expenses incurred inter alia for travel and stay expenses for attending the Board/Board Committee meetings, general meetings, court convened meetings, induction and trainings organised by the Company for the Directors.

- e. **Stock Options:** The Company has not issued any stock options to the NEDs

No payment by way of bonus, pension, incentives etc. is made to any of the NEDs.

Review

The above criteria are subject to review by the Nomination and Remuneration Committee and the Board of Directors of the Company from time to time as may be necessary due to regulatory changes/amendments.

DOCUMENT CONTROL

Item	Description
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