



INTERACTIVE FINANCIAL SERVICES LIMITED

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NOMINATION AND REMUNERATION POLICY

1. BACKGROUND

The Board of directors (“Board”) of Interactive Financial Services Limited (“Company”) constituted the Nomination and Remuneration Committee (“Committee”) as per the Section 178 of the Companies Act, 2013 and rules framed thereunder.

In compliance with the requirements set out under Section 178 of the Companies Act, 2013 (“Companies Act”) and applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the Committee has formulated this Nomination and Remuneration Policy (“Policy”) in order to pay equitable remuneration to the Directors, Key Managerial Personnel and employees of the Company and to harmonize the aspirations of human resources with the goals of the Company.

While formulating this Policy, the Committee has considered the factors laid down under Section 178(4) of the Companies Act, which are as under:

- (i) 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;
- (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (iii) remuneration to Directors, Key Managerial Personnel 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.

2. DEFINITIONS

- 2.1. **“Company”** means Interactive Financial Services Limited.
- 2.2. **“Committee”** means the Nomination and Remuneration Committee as defined under the Companies Act, 2013, and SEBI (Listing Obligations and Disclosure Requirements Regulations, 2015. (Listing Regulations).
- 2.3. **“Director”** means a Director appointed on the Board.
- 2.4. **“Independent Director”** means a Director referred to in Section 149(6) of the Companies Act, 2013.
- 2.5. **“Key Managerial Personnel”** means:

- (i) the Chief Executive Officer or the Managing Director or Manager;
- (ii) the Company Secretary;
- (iii) the Whole-Time Director;
- (iv) the Chief Financial Officer;
- (v) such other officer, not more than one level below the directors who is in Whole Time Employment, designated as Key Managerial Personnel by the Board;

2.6. “SEBI” means Securities and Exchange Board of India

2.7. “Senior Management” means officers/personnel of the Company who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the executive directors, including all functional heads.

Unless the context otherwise requires, words and expressions used in this Policy and not defined, shall have the meanings ascribed to them under the Companies Act, 2013 and the Listing Regulations as may be amended from time to time.

3. OBJECTIVE AND PURPOSE OF THE POLICY

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To determine remuneration based on the Company’s scope, financial position and trends and practices on remuneration prevailing in peer companies in the industry, quality, experience and expertise of a person etc.
- To carry out evaluation of the performance of Directors.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage. In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors.

4. APPLICABILITY

The Policy is applicable to:

- Directors (Executive and Non-Executive)
- Key Managerial Personnel
- Senior Management Personnel

5. ROLE

The Committee constituted by the Board leads the process for appointment and remuneration of Directors and Key Managerial Personnel in accordance with the requirements of the Companies Act and Listing Regulations. All the Board appointments are based on merits. The role/terms of reference of the Committee identified by the Board are as follows:

- i. identification and nomination of suitable candidates for the Board's approval in relation to appointment and removal of Directors and Key Managerial Personnel and Senior Management;
- ii. identification of the key job incumbents in senior management and recommend to the Board whether the concerned individual be: (a) granted an extension in term/service; or (b) replaced with an identified internal or external candidate or recruit other suitable candidates;
- iii. making recommendations to the Board in relation to the remuneration payable to the Directors and Key Managerial Personnel and Senior Management, in terms of the policy of the Company;
- iv. Determining the tenure of Key Management Personnel other than a Director, posted in a regulatory department;
- v. Selecting the Managing Director;
- vi. formulating criteria for evaluation of performance of the Board of Directors and Independent Directors;
- vii. devising a policy on Board diversity;
- viii. laying out remuneration principles for employees linked to their effort, performance and achievement relating to the Company's goals;
- ix. developing a succession plan to ensure the systematic and long-term development of individuals in the senior management level to replace when the need arises due to deaths, disabilities, retirements, and other unexpected occurrence and to regularly review the plan;
- x. Framing & Reviewing the performance review policy to carry out evaluation of every Director's performance;
- xi. Recommend to the Board, all remuneration in whatever form, payable to senior management;
- xii. Recommending whether to extend the tenure of appointment of the Independent Directors on the basis of internal and external performance evaluation and
- xiii. carrying out such other functions as may be specified by the Board from time to time.

6. CONSTITUTION AND QUORUM OF THE COMMITTEE

The Constitution and Quorum of the Committee shall be as per applicable provisions of the Companies Act, 2013 and Listing Regulations, 2015, as may be amended from time to time.

7. APPOINTMENT AND REMOVAL OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

7.1. APPOINTMENT CRITERIA AND QUALIFICATIONS

- (i) The Committee, shall apply a due diligence process to determine the suitability of every person who is being considered for being appointed or re-appointed as a Director and a Key Managerial Personnel and Senior Management Personnel on the basis of his educational qualification, experience and track record. Such person shall possess adequate qualification, expertise and experience for the position the person is considered for appointment. The Committee has the discretion to decide whether qualifications, expertise and experience possessed by a person are satisfactory for the concerned position.
- (ii) Characteristics expected of all Directors include independence, integrity, high personal and professional ethics, sound business judgment, ability to participate constructively in deliberations and willingness to exercise authority in a collective manner. While all appointments to the Board are made on merit, the diversity of Board in aggregate will be of immense strength to the Board in guiding the Company successfully through various geographies. In reviewing and determining the Board composition, the Committee will consider the merit, skill, experience, gender and other diversity of the Board. In determining whether to recommend a Director for re-election, the Committee also considers the Director's past attendance at meetings, participation in meetings and contributions to the activities of the Board, and the results of the most recent Board self-evaluation, besides considering internal performance evaluation reports. The Committee shall also consider performance evaluation report done on external basis, for re-appointment of Public Interest Directors.
- (iii) A Director is considered independent if the Board makes an affirmative determination after a review of all relevant information. The Committee and Board shall adhere to the categorical standards set forth under Section 149 of the Companies Act to assist in making such determinations of independence.
- (iv) Every Key Managerial Personnel and member of the Senior Management shall always endeavours to add capability in-house and mentor officials with potential working under him to handle his responsibility in his absence by exposing him to all aspects of work being handled by him.
- (v) Any appointment and re-appointment of a Director, Senior Management and Key Managerial/Management Personnel of the Company shall be subject to the approval of the Committee.

7.2. TENURE

(i) Managing Director/Whole Time Director

- a. The Company shall appoint or re-appoint any person as its Managing Director for a term not less than 3 (three) years and not exceeding 5 (five) years at a time. The Managing Director may be re-appointed, subject to age limit of sixty-five years.
- b. No re-appointment shall be made earlier than 1 (one) year before the expiry of the term.
- c. The appointment and tenure of Managing Director would be governed by the applicable provisions of the Companies Act, 2013, and as may be mandated by SEBI from time to time.

(ii) Independent Director

- a. 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 on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- b. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- c. 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 seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

7.3. REMOVAL

The Committee may recommend to the Board, with reasons recorded in writing, removal of Director, Senior Management personnel or Key Managerial/Management Personnel due to reasons for disqualification under the Companies Act, 2013 or any other applicable act, rules and regulations. Such removal shall be subject to the provisions and compliance of applicable laws, rules and regulations.

7.4. RETIREMENT

The Board of Directors, Key Managerial/Management Personnel and Senior Management shall retire as per the applicable provisions of the Companies Act, other applicable laws, regulations and prevailing Policy of the Company.

8. PRINCIPLES OF REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

8.1. Overall remuneration should be reflective of the size of the Company, complexity of the sector / industry / company's operations and the company's capacity to pay the remuneration.

8.2. The remuneration / compensation / commission etc. shall be subject to the approval of the shareholders of the Company and/or Central Government, wherever required, under applicable law. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the shareholders and other regulatory authorities, if applicable.

8.3. The remuneration and commission to be paid to the Director, Managing Director and Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the provisions of the Companies Act, 2013, and the rules made thereunder.

8.4. Remuneration for Independent Directors & Non-Executive Directors:

- Independent Directors and non-executive directors may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members) within regulatory limits. Quantum of sitting fees may be subject to review on a periodic basis, as required. Provided that the amount of such fees, in any case, shall not exceed Rs. One lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
- In addition to the sitting fees, the Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his/her role as a Director of the Company. This could include reasonable expenditure incurred by the Director for attending Board/Board committee meetings, general meetings, court convened meetings, meetings with shareholders/creditors/management, site visits, induction and training (organized by the Company for Directors) and in obtaining professional advice from independent advisors in furtherance of his/her duties as a director.
- An Independent Director shall not be entitled to any stock option of the Company.

8.5. Remuneration for Executive Directors, Key Managerial Personnel and Senior Management:

- The remuneration to be paid to the Managing Director & CEO shall be recommended by the Committee to the Board and governed by the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act.

- The remuneration / compensation etc. to the Managing Director, Key Managerial Personnel and Senior Management personnel will be determined by the Committee and recommended to the Board for approval.

9. POLICY IMPLEMENTATION

The Committee is responsible for recommending the nomination and the remuneration policy and Compensation Policy to the Board in the matters mentioned above. The Board is responsible for approving and overseeing implementation of the aforesaid policies.

10. MODIFICATIONS & REVIEW OF THE POLICY

In case of any subsequent changes in the Companies Act or any other regulations which makes any of the provisions in the Policy inconsistent with the Companies Act or regulations, then the provision of the Companies Act or regulations would prevail over the Policy and the provisions of the Policy would be modified in due course to make it consistent with law.