

NOMINATION & REMUNERATION POLICY

1. OBJECTIVE:

The Nomination & Remuneration Committee has approved this Policy which is in compliance with section 178 of the Companies Act, 2013 read along with the applicable rules thereto.

2. DEFINITIONS:

- (i) **“Act”** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- (ii) **“Board”** means Board of Directors of the Company.
- (iii) **“Committee”** means Nomination & Remuneration Committee.
- (iv) **“Company”** means Groww Asset Management Limited.
- (v) **“Policy”** means Nomination & Remuneration Policy.
- (vi) **“Senior Management”** means the personnel of the company who are members of its core management team excluding the Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Words and expressions used and not defined in these rules but defined in the Act shall have the same meanings respectively assigned to them in the Act.

3. GUIDING PRINCIPLES:

The policy is framed with the following objectives:

- (i) 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.
- (ii) That the remuneration to Directors, Key Managerial Personnel, Senior Management, and other employees of the Company 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.
- (iii) 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, Key Managerial positions and to determine their remuneration.
- (iv) To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the industry.
- (v) To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management and to provide for reward(s) linked directly to their effort, performance, dedication, and achievement relating to the Company's operations.

- (vi) To lay down criteria for appointment, removal of directors, Key Managerial Personnel and Senior Management.

4. ROLE OF COMMITTEE:

- i. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel, and other employees.
- ii. For every appointment of an independent director, the committee shall evaluate the balance of skills, knowledge, and experience on the Board based on such evaluation. For the purpose of identifying suitable candidates, the committee may.
 - a) use the services of external agencies, if required.
 - b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c) consider the time commitments of the candidates.
- iii. Formulation of criteria for evaluation of performance of independent directors and the board of directors.
- iv. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal.
- v. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- vi. Such other functions may be entrusted to it by the Board of Directors from time to time.

5. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT:

Appointment criteria and qualifications:

- (i) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, Key Managerial Personnel or at Senior Management level and recommend to the Board his / her appointment.
- (ii) The person for the appointment of directors should fit the criteria prescribed by SEBI for all Mutual Funds vide its circular no. MFD/CIR/11/ 354/ 2001 dated December 20, 2001, and any amendments made thereto.
- (iii) For any other appointment, i.e., of Senior Management and Key Managerial Personnel, the person should possess adequate qualifications, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- (iv) The Company shall not appoint or continue the employment of any person as Managing Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such

motion indicating the justification for extension of appointment beyond seventy years.

(v) Independent Director:

- i. Subject to the provisions of the Companies Act, 2013 and applicable provisions of SEBI Mutual Fund Regulations, 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(s) of such appointment in the Board's report.
- ii. 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. Any tenure of an independent director on the date of commencement of this Act shall not be counted as a term under the aforesaid criteria.
- iii. The appointment of Independent Director will be subject to the approval of the Trustee Company and compliance with the requirements prescribed under applicable provisions of SEBI Mutual Fund Regulations, and any amendments made thereto and SEBI circulars issued from time to time.

Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, Key Managerial Personnel or Senior Management subject to the provisions and compliance of the said Act, rules, and regulations.

Retirement:

The Key Managerial Personnel and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013, Rules made thereunder and the prevailing policy of the Company. The Key Managerial Personnel and Senior Management may be retained in the same position / remuneration or otherwise even after attaining the retirement age for the benefit of the Company in accordance with the prevailing policy of the Company.

Remuneration:

A. Directors:

a. Executive Directors (Managing Director, Manager or Whole Time Director):

- (i) At the time of appointment or re-appointment, the Executive Directors shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) within the overall limits prescribed under the Companies Act, 2013.

- (ii) The remuneration shall be subject to the approval of the Members of the Company in the General Meeting as per the requirement of the Companies Act, 2013.
- (iii) The remuneration of the Manager/ CEO/ Managing Director/ Whole Time Director is broadly divided into fixed, and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the Company. In determining the remuneration (including the fixed increment and performance bonus), the Committee shall consider the following:
 - the relationship of remuneration and performance benchmark.
 - balance between fixed and incentive pay reflecting short- and long-term performance objectives, appropriate to the working of the Company and its goals.
 - responsibility required to be shouldered, the industry benchmarks and the current trends.
 - the Company's performance vis-à-vis the annual budget achievement and individual performance.

b. Non-Executive Director:

- (i) The Non-Executive Independent Director may receive fees for attending a meeting of the Board or Committee thereof. Provided that the amount of such fees shall not exceed Rupees One Lac per meeting of the Board or Committee, or such amount as may be prescribed by the Central Government from time to time.
- (ii) A Non-Executive Director may be paid commission on an annual basis, of such sum as may be approved by the Board on the recommendation of the Committee.
- (iii) The Committee may recommend to the Board the payment of commission, to reinforce the principles of collective responsibility of the Board.
- (iv) In determining the quantum of commission payable to the Directors, the Committee shall make its recommendation after taking into consideration the overall performance of the Company and the onerous responsibilities required to be shouldered by the Director.
- (v) The total commission payable to the Directors shall not exceed prescribed limits as specified under the Companies Act, 2013.
- (vi) The commission shall be payable on a pro rata basis to those Directors who occupy the office for part of the year.

B. KMP & Senior Managerial Personnel:

The remuneration to the KMP and Senior Management Personnel will be based on following guidelines:

- a. maintaining a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the Company.
- b. compensation should be reasonable and sufficient to attract, retain and motivate KMP and senior management.

- c. Remuneration payable should comprise of a fixed component and a performance linked variable based on the extent of achievement of individual performance vis-a- vis overall performance of the company.
- d. Remuneration shall also be considered in the form of long-term incentive plans for key employees, based on their contribution, position and length of service, in the nature of ESOPS/ESPS.

6. EVALUATION:

The Committee shall carry out evaluations of the performance of every Director at regular intervals (yearly). The Committee shall also formulate and provide criteria for evaluation of Independent Directors and the Board as a whole, if applicable.

7. OTHER DETAILS:

(i) Membership

The Committee shall consist of a minimum of 3 non-executive directors, the majority of them being independent. The Chairperson of the Committee shall be an Independent Director. The Chairperson of the Company shall not be a Chairman of the Committee. The term of the Committee shall be continued unless terminated by the Board of Directors.

(ii) Frequency of Meetings

The meeting of the Committee shall be held at such regular intervals as may be required. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

(iii) Secretary

The Company Secretary of the Company shall act as Secretary of the Committee. In the absence of Company Secretary, the Committee may designate any other officials or any of the members of the Committee who shall act a Secretary of the Committee.

8. REVIEW AND AMENDMENT:

The Committee or the Board may review the Policy as and when it is deemed necessary. The Committee may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary. This Policy may be amended or substituted by the Committee or by the Board as and when required.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.