



## **SURAKSHA ASSET RECONSTRUCTION LIMITED POLICY ON NOMINATION AND REMUNERATION**

Approved /Reviewed by:	Nomination Remuneration Committee and Board of Directors
NRC Meeting No. /Board Meeting No.	19 <sup>th</sup> NRC Meeting and 105 <sup>th</sup> Board Meeting
Board Meeting Date/Date of Approval/Review:	20 <sup>th</sup> May, 2026
With effect from/Date of Implementation:	20 <sup>th</sup> May, 2026
Date of introduction/reviews and reference in terms of versions.	15-05-2019 (version 1), 22-03-2025 (version 2), 22-08-2025 (version 3) 20 <sup>th</sup> May, 2026 (version 4)



## 1. Background:

Suraksha Asset Reconstruction Limited ('the Company') is an asset reconstruction company ("ARC/Company") registered under Section 3 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act, 2002). It holds a valid Certificate of Registration from RBI numbered 022/2016 dated 6th June, 2019 in the name of Suraksha Asset Reconstruction Limited (formerly known as Suraksha Asset Reconstruction Private Limited) (in lieu of earlier certificate no. 022/2016 dated 29th September, 2016 issued by RBI, DNBR,CO, Mumbai)

The company's primarily focuses on the acquisition and resolution of non-performing assets (NPAs) from banks and financial institutions. Its primary activity involves purchasing bad loans at a discounted price and then undertaking measures for recovery, restructuring, or settlement of these distressed assets.

The company has adopted this policy to ensure compliance with Reserve Bank of India (Asset Reconstruction Companies) Directions, 2025.

The various terms referred to in the NR Policy shall have the same meaning as assigned to them under the Act and / or the Rules made thereunder, as amended from time to time.

## 2. Objectives:

The main objectives of this NR Policy are:-

- To lay down criteria for determining qualifications, positive attributes and independence of a director;
- To assess the composition of the Board of Directors from time to time and identify persons who are qualified to be appointed as directors or Key Managerial Personnel ("KMPs") and recommend their appointment to the Board; (KMP as per Companies Act, 2013).
- To ensure that remuneration paid to all Directors, KMPs and senior employees is equitable and comparable with those prevalent with peer organizations of same or similar profile;
- To determine and recommend to the Board from time to time the amount of sitting fees or commission payable to the non-executive directors in terms of the Companies Act, 2013 and rules made thereunder.
- To formulate criteria to evaluate the performance of non-executive Directors on a periodic basis.



### **3. Nomination and Remuneration Committee**

The company has formulated the Nomination and Remuneration Committee (NRC) as per the provisions of Section 178 of the Companies Act, 2013 (the "Act") read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014.

The committee has its terms of reference approved by the board.

### **4. Appointment of Director and KMP:**

In addition to the eligibility criteria prescribed under the Act, the Nomination and Remuneration Committee shall consider the following criteria while recommending the appointment of Directors and KMPs to the Board for approval before taking prior approval of RBI.

- Appointments to be based on merit, having regard to the educational qualifications, requisite expertise, experience and independence of the candidate, to be able to contribute to the effectiveness of the Board of Directors, as a collective body and in concurrence with the succession plan
- The candidate should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Nomination and Remuneration Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- Willingness of the candidate to devote sufficient time and attention to his professional obligations as a Director for informed decision making, and thereby do justice to the appointment.
- NRC shall also ensure that the proposed and existing Director fulfils the fit and proper criteria laid down by the Reserve Bank of India along with the Fit and Proper Policy of the Company. (only for directors)
- Adherence to the Code of Conduct and to the highest level of Corporate Governance in letter and in spirit.

### **5. Remuneration of Managing Director / Whole time Directors / KMPs:**

- The appointment and remuneration of the Managing Director / Whole time Director shall be approved by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee and



shall be subject to approvals, if and to the extent applicable.

- Identification of right candidates for the position of the Chief Finance Officer, Company Secretary, Chief Risk Officer, Chief Compliance Officer, Chief Grievance Officer, Chief Technology Officer/Chief Information Officer or any other Senior Management Official shall be done by the Managing Director and CEO. NRC shall consider the candidates proposed by MD & CEO and recommend to the Board of Directors for its consideration and remuneration in accordance with the applicable laws.
- The remuneration structure may include fixed salary, perquisites / benefits, allowances, contribution to retiral funds, and performance linked pay.
- If, in any financial year, the Company has no profits or its profits are inadequate, Suraksha ARC may pay to its Managing Directors / Whole-time Director minimum remuneration in accordance with the provisions of the Companies Act, 2013.
- The Nomination and Remuneration Committee shall ensure that:-
  - a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors and KMPs of quality standards requisite for successful running of Suraksha ARC;
  - b. the remuneration is clearly and objectively linked to performance and meets the appropriate and accepted performance benchmarks; and
  - c. remuneration to directors, KMPs and senior employees in a balanced mix of between fixed and performance-linked pay.

#### 6. Evaluation Mechanism:

- **Performance Evaluation of Board to be carried out either by the Nomination and Remuneration Committee or Board:**

The performance evaluation of the individual Directors, the Chairman of the Board, the Managing Director, the Chief Executive Officer and the Board as a whole, shall be carried out on the basis of the feedback received from the Directors in the questionnaires circulated amongst them on an annual basis.

- **Performance Evaluation of Independent Directors** shall be done by the entire Board of Directors excluding the director being evaluated, which shall include:
  - a. Performance of the Directors; and



b. fulfillment of the independence criteria as specified in the Companies Act, 2013 (the "Act"), and any other applicable law their independence from the management.

▪ **Performance Evaluation of the Board Committees to be carried out either by the Nomination and Remuneration Committee or Board:**

The performance evaluation of the Board Committees shall be conducted on an annual basis. The separate set of questionnaires for each of the Committees, shall be sent to the directors for their feedback.

In the above evaluation, the directors who are subject to evaluation shall not participate. The summary of the feedback received shall be prepared and the same shall be given to the Chairman of the Nomination and Remuneration Committee for discussion.

**7. Performance linked remuneration**

Performance linked remuneration shall be based on pre-determined key performance indicators (KPIs) approved annually by the Board on the recommendation of the NRC. These KPIs shall include both quantitative (financial and operational) and qualitative (strategic, governance) parameters relevant to the Company's objectives. The following are mentioned below

- Financial Metrics — revenue growth, net profit, cost efficiency, return on equity, shareholder value creation.
- Strategic Metrics — achievement of business plan targets, diversification, market share growth.
- Operational Metrics — project delivery timelines, asset recovery rates (specific to ARC sector), operational efficiency.
- Compliance & Governance Metrics — regulatory compliance track record, internal audit scores.
- Stakeholder Outcomes — sustainability goals, corporate social responsibility, customer/employee satisfaction

**8. Short-Term and Long-Term Incentive Structure and variable pay**

The NRC may recommend a balanced remuneration structure wherein short-term incentives reward annual performance achievements, while long-term incentives align leadership compensation with sustained shareholder value creation over a period of three to five years.

Variable pay, where applicable, shall be as may as recommended by NRC and determined by the Board. The NRC may recommend deferral or clawback of variable pay in the event of significant underperformance, misconduct, or restatement of financial results

*Note: Variable Payment shall be applicable to only those directors and KMP whose role is linked directly to the business of the company and as decided by NRC.*



**9. Remuneration of non-executive Directors:**

- The non-executive directors may be paid sitting fees for attending meetings of Board of Directors or Committees thereof. The amount of sitting fees shall be approved by the Board of Directors on the recommendation of Nomination and Remuneration Committee and shall not exceed the maximum permitted under the Act.
- The non-executive directors may also be paid remuneration 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, within the monetary limit approved by shareholders, subject to the limits as per the applicable provisions of the Companies Act, 2013.

**10. Removal:**

The Nomination and Remuneration Committee may recommend to the Board with reasons to be recorded in writing, removal of a Director or KMP subject to the provisions of the Companies Act, 2013, and all other applicable Acts, Rules and Regulations, if any.

**11. Review:**

This policy shall be reviewed by the Board of Directors on atleast an Annual basis.

**12. Deviation:**

Any deviation from the policy can be made only with the approval of the Board of Directors.

**13. Exception Handling**

The policy shall always be updated with extant regulatory provisions. However, in case of conflict between the Policy and regulations, the regulatory provisions shall always supersede the policy.

FOR SURAKSHA ASSET RECONSTRUCTION LTD.

  
DIRECTOR / AUTHORISED SIGNATORIES