

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED
TERMS OF REFERENCE OF NOMINATION & REMUNERATION COMMITTEE

Constitution:

The Nomination and Remuneration Committee (NRC) shall comprise of 3 or more non-executive directors, out of which not less than one half shall be independent directors.

Chairperson:

- (i) The Chairperson of NRC shall be an independent director.
- (ii) The Chairperson shall be appointed by the Board. In case the Chairperson is not present at any NRC meeting, the members present at the meeting shall, amongst themselves, elect a Chairperson for that particular meeting.
- (iii) The Chairperson of the NRC or, in his absence, any other member of NRC authorised by him in this behalf shall attend the general meetings to answer shareholders' queries; however it shall be upon the Chairperson of the general meeting to decide who shall answer the queries at such meetings.

Meetings:

- (i) The NRC shall meet at-least twice in a year and also at such times as the Chairperson or any Member of the NRC may deem appropriate.
- (ii) The quorum for meetings of the NRC shall be at-least two Members or one third of the Members, whichever is greater, including at-least one Independent Director in attendance.
- (iii) The NRC shall meet in person, except in extraneous circumstances when it may meet through video conferencing or other audio visual means, in accordance with the procedure prescribed in the Companies (Meetings of Board and its Powers) Rules, 2014, as amended.
- (iv) The Members of the NRC shall be entitled to sitting fees for attending meetings of the Committee, as may be fixed by the Board, from time to time.
- (v) The minutes of the meetings of the NRC shall be recorded and maintained in accordance with the relevant provisions of the Companies Act, 2013, or any enactment or amendment or modification thereto and the applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

Invitees:

- (i) The NRC may invite such of the whole-time directors and/ or other executives of the Corporation as it may deem appropriate to be present at its meetings.
- (ii) The Company Secretary of the Corporation shall act as the Secretary to NRC and shall attend meetings thereof, except in case of interested/ sensitive matters.

Role:

The NRC shall consider and review the following matters and perform such other duties that may be assigned to it by the Board, from time to time, including but not limited to:

▪ **Nomination**

- (i) The NRC shall identify persons who are qualified to become Directors of the Corporation and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- (ii) The NRC shall formulate and recommend to the Board the criteria for determining qualifications, positive attributes and independence of a director and for evaluating their performance as well as a policy on Board Diversity.
- (iii) The NRC shall identify the core skills/expertise/competencies that are required amongst the directors of the Corporation.
- (iv) The NRC shall review and ensure that the persons who are proposed to be appointed/ re-appointed as the whole-time directors of the Corporation meet the conditions as set out in Part I of Schedule V to the Companies Act, 2013 or any re-enactment or amendment or modification thereto.
- (v) The NRC shall review the declarations and undertakings received from the directors confirming that they continue to meet the criteria as mentioned in the Policy for Fit and Proper criteria for Directors, as required under the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016.
- (vi) The NRC shall review the agreement(s) and/or deed(s) to be executed with any director to be appointed/re-appointed, including but not limited to the Deed of Covenant as required under the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016.

▪ **Evaluation:**

- (i) The NRC shall specify the criteria/ manner for effective evaluation of performance of Board, its Committees and individual Directors of the Corporation to be carried out either by the Board, by itself or by an independent external agency and review its implementation and compliance.
- (ii) The NRC shall determine whether to extend or continue the term of appointment of directors on the basis of the report of performance evaluation of the concerned director(s).

▪ **Compensation:**

- (i) The NRC shall formulate and recommend to the Board a Remuneration Policy for all Directors, Key Managerial Personnel, Senior Management and other employees of the Corporation.
- (ii) The NRC shall recommend to the Board, all remuneration payable to the senior management as defined in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, in whatever form.

- (iii) The NRC shall review and approve the payment of remuneration to the whole-time directors and ensure that such remuneration is within the overall limits as set out in Section 197, read with Schedule V and other applicable provisions of the Companies Act, 2013 or any re-enactment or amendment or modification thereto and subject to such limits, terms and conditions, as may be approved by the Members of the Corporation, from time to time.
- (iv) The NRC shall review and recommend to the Board the payment of profit related commission to the Chairperson of the Corporation within the overall limits as may be approved by the shareholders of the Corporation, in terms of Section 197 of the Companies Act, 2013.
- (v) The NRC shall have the authority to formulate, adopt, administer, enforce and modify the employee stock option schemes of the Corporation, including grant of options to eligible employees under the employee stock option schemes of the Corporation, in accordance with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 and other applicable laws.

▪ **Miscellaneous:**

The NRC shall perform such other functions as may be required under the relevant provisions of the Companies Act, 2013, the Rules made thereunder or the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable laws, as amended from time to time.

Powers:

The NRC shall be vested with the following powers:-

- (i) To obtain advice from auditors or lawyers or experts as it may deem appropriate and to secure their attendance.
- (ii) To call for records, documents or seek explanations from Officer(s) of the Corporation or auditors or lawyers or experts as it may deem appropriate, whether or not as part of any investigation into violation of the policies of the Corporation.

Report:

The Chairperson of the NRC shall apprise the Board on the recommendations made by it on any matter under these terms of reference. The minutes of the meeting of the Committee duly approved, shall be tabled at the meeting of the Board of Directors of the Corporation for its noting.

Review & Authority:

The terms of reference of the NRC shall be reviewed periodically to reassess its adequacy.