

FRONTIER LEASING & FINANCE LIMITED
(the “Company”)
Nomination and Remuneration Committee
Terms of Reference

Frontier Leasing & Finance Limited Nomination and Remuneration Committee comprises three members namely Mr. V.G Raghavan, Mr. Sridhar Srinivasan and Mr. Rajesh Kathuria, the Independent Non-Executive Directors of the Company. The Chairman of the Remuneration Committee is Mr. V.G Raghavan. The primary duties of the Nomination and Remuneration Committee are to review the structure, size and composition of the Board, identify individuals suitably qualified to become members of the Board, assess the independence of independent non-executive directors, evaluate the performance and make recommendations on the remuneration package for the directors and senior management, and evaluate and make recommendations on employee benefit arrangements.

Terms of reference for the Remuneration Committee

Definitions

1. For the purposes of these terms of reference (the *Terms*):

Board means the Board of Directors of the Company.

Company means Frontier Leasing & Finance Limited.

Company Secretary means the Company Secretary of the Company.

Directors mean the members of the Board.

Group means the Company and its subsidiaries and associated companies at the relevant time or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries and associated companies, the present subsidiaries and associated companies of the Company or the businesses operated by its present subsidiaries and associated companies or (as the case may be) its predecessor.

Listing Agreement shall mean the Listing Agreement entered with the Bombay Stock Exchange Limited. (As amended from time to time).

Nomination and Remuneration Committee means the nomination and remuneration committee established by the resolution of the Board in accordance with clause 3 of these Terms.

Senior Management means the Chairman, Chief executive, Vice Chairman, Directors, Whole time Directors Chief Operating Officer, Chief Financial Officer, Company Secretary and any other officer of the Group determined by the Board from time to time as senior management of the Company.

Shareholders mean the shareholders of the Company.

Stock Exchange means The Bombay Stock Exchange Limited.

2. The word "remuneration", as used in these Terms, includes without limitation any salaries, bonuses, allowances, benefits (in cash or in kind), pension arrangements, reimbursements, compensation payments (including any compensation payable for loss or termination of office or appointment), incentive payments and share options.

3. Constitution

The Board has resolved to establish a committee of the Board to be known as the Nomination and Remuneration Committee. (“NRC”)

4. Membership

The members of the NRC shall be appointed by the Board from time to time from among the non-executive Directors and shall consist of not less than three members, a majority of whom shall be independent non-executive Directors. A quorum shall be two members. The chairman of the NRC shall be appointed by the Board.

Each member of the NRC shall disclose to the NRC:

- Any personal financial interest (other than as a shareholder of the Company) in any matter to be decided by the Committee; or
- Any potential conflict of interest arising from a cross-directorship
- Any such member shall abstain from voting on resolutions of the NRC in relation to which such interest exists and from participating in the discussions concerning such resolutions, and shall (if so required by the Board) resign from the NRC.

5. Frequency and conduct of meetings

- Meetings shall be held at least once a year. The chairman of the NRC shall convene a meeting upon request by any member of the NRC
- An agenda and accompanying board papers should be sent in full to all members of the NRC in a timely manner and at least 3 days before the intended date of a meeting of the NRC (or such other period as agreed by its members).
- Senior Management is obliged to supply the NRC with adequate information in a timely manner, in order to enable it to make informed decisions. The information supplied must be complete and reliable. Where a Director requires more information than is volunteered by Senior Management, the relevant Director should make additional necessary enquiries. The Board and each Director shall have separate and independent access to the Senior Management.

6. Annual General Meetings

The Chairman of the NRC shall attend the Company's Annual General meetings and be prepared to respond to any Shareholder's questions on the NRC's activities.

7. Authority

- The NRC is authorised by the Board to discharge its duties within these Terms. It is authorised to seek any remuneration information it requires from the Directors and/or Senior Management who are directed to co-operate with the NRC.
- The NRC is authorised by the Board to obtain external independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. The NRC shall be provided with sufficient resources to discharge its duties. The NRC should be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external remuneration consultant who advises the NRC.

8. Duties

The NRC shall give adequate consideration to the following principles in carrying out its responsibilities:

- i. The Board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. The NRC should ensure that changes to composition of the Board can be managed without undue disruption. The Board should include a balanced composition of executive and non-executive directors (including independent non-executive directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement. Non-executive directors should be of sufficient calibre and number for their views to carry weight; and
- ii. There shall be a formal, considered and transparent procedure for the appointment of new Directors. There should be plans in place for orderly succession for appointments. All Directors should be subject to re-election at regular intervals, and the reasons for the resignation or removal of any Director must be explained.

The duties of the NRC shall include:

- i. The NRC shall review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations to the Board regarding any proposed changes to complement the Company's corporate strategy;
- ii. The NRC shall identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of, individuals nominated for directorship;
- iii. The NRC shall assess the independence of independent non-executive directors;
- iv. The NRC shall make recommendation to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive officer;
- v. Where the Board proposes a resolution to elect an individual as an independent non-executive Director at a general meeting, the NRC shall set out in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe the individual should be elected and the reasons why they consider the individual to be independent;
- vi. The NRC (or the Board) shall have a policy concerning diversity of Board members, and such policy or a summary of the policy shall be disclosed in the corporate governance report; and

- vii. The NRC shall exercise such other powers, authorities and discretions, and perform such other duties, of the Directors in relation to the nomination of directors as the Board may from time to time delegate to it, having regard to the Code.
- viii. making recommendations to the Board on the Company's policy and structure for all Directors' and Senior Management remuneration and on the establishment of a formal and transparent procedure for developing such remuneration policy;
- ix. being responsible for determining the specific remuneration packages of all executive Directors and Senior Management and to make recommendations to the Board of the remuneration of non-executive Directors. The NRC shall consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and Senior Management, remuneration levels within the Group and desirability of performance-based remuneration packages;
- x. reviewing and approving any performance-based remuneration offered by the Group with reference to corporate goals and objectives resolved by the Board from time to time;
- xi. reviewing and approving the compensation payable to executive Directors and Senior Management in connection with any loss or termination of their office or appointment in order to ensure that such compensation is determined in accordance with the relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
- xii. reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct in order to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;
- xiii. ensuring that no Director or any of his associates is involved in deciding his own remuneration;
- xiv. advising the Shareholders on how to vote with respect to any service contracts of the Directors that require Shareholders' approval under the Listing Rules; and
- xv. reviewing the Group's policy on expense reimbursements for the Directors and Senior Management.

9. In carrying out its duties under these terms of reference, the NRC should:

- i. consult the chairman of the Board and/or the chief executive officer about their proposals relating to the remuneration of the executive Directors;
- ii. provide the packages needed to attract, retain and motivate executive Directors of the quality required, but avoid paying more than is necessary for this purpose;
- iii. judge where to position the Group relative to other companies. They should be aware what comparable companies are paying and should take account of relative performance;
- iv. be sensitive to the wider scene, including pay and employment conditions within the Group and elsewhere, especially when determining annual salary increases;
- v. ensure that the performance-related elements of remuneration form a significant proportion of the total remuneration package of executive Directors and are designed to align their interests with those of Shareholders and to give the Directors incentives to perform at the highest levels; and
- vi. ensure that share options offered by the Company to its Directors or Senior Management (if any) are in accordance with Clause 35C of the Listing Agreement, as applicable.

10. Without prejudice to the generality of the terms of reference to the NRC set out above, the NRC shall:

- i. operate the Company's share option schemes (if any) or other incentives schemes (if any) as they apply to, and recommend to the general meeting of shareholders grants of options to be made to Directors and/or Senior Management. It shall recommend to the Board the total aggregate amount of any grants to employees (with the specific grants to individuals to be at the discretion of the Board) and make amendments to the terms of such schemes (subject to the provisions of the schemes relating to amendment);
- ii. liaise with the trustee of any employee share scheme which is created by the Company for the benefit of employees, Senior Management or Directors;
- iii. review the terms of executive Directors' service contracts from time to time; and
- iv. advise the Board in relation to the preparation of the Board's remuneration report (if any) to shareholders.

11. Reporting procedures

- a) Minutes of the NRC's meetings shall be kept by a duly appointed secretary of the meeting (who should normally be the Company Secretary), and such minutes shall be available for inspection at any reasonable time on reasonable notice by any Director.
- b) Minutes of meetings of the NRC shall record in sufficient detail the matters considered by the NRC and decisions reached, including any concerns raised by Directors, members or dissenting views expressed. Draft and final versions of minutes of such meetings should be sent to all members of the NRC for their comment and records respectively, in both cases within a reasonable time after such meetings.
- c) Without prejudice to the generality of the duties of the NRC set out in these Terms, the NRC shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless there are legal or regulatory restrictions on its ability to do so.

12. Terms available

The NRC shall make available these Terms on request and by inclusion on the Stock Exchange's website and the Company's website, thereby explaining its role and the authority delegated to it by the Board.