

NRB NOMINATION AND REMUNERATION POLICY

Objective

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read with relevant rules thereto and Clause 49 of the Listing Agreement. The Key Objectives of the Committee are:

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- To recommend the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To devise a policy on Board diversity.
- To develop a succession plan for the Board and to regularly review the plan.

Definitions

- Act means the Companies Act, 2013 as amended from time to time and the Rules made thereunder.
- Board means Board of Directors of the Company.
- Directors mean Directors of the Company.
- Key Managerial Personnel means – (i) Chief Executive Officer or the Managing Director or Whole-time Director or the Manager; (ii) Chief Financial Officer; (iii) Company Secretary; and (iii) such other officer as may be prescribed.
- Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors including Functional Heads.
- **Membership**
 - The Committee shall consist of a minimum three (3) non-executive directors, majority of them being independent.
 - Minimum two (2) members shall constitute a quorum for the Committee meeting.
 - Membership of the Committee shall be disclosed in the Annual Report.
 - Term of the Committee shall be continued unless terminated by the Board of Directors.

- **Chairperson**

- Chairperson of the Committee shall be an Independent Director.
- Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

- **Frequency of Meetings**

- The meeting of the Committee shall be held at such regular intervals as may be required.

- **Committee Members' Interests**

- A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

Duties of Committee

The duties of the Committee in relation to nomination matters shall include:

- Determining the appropriate size, diversity and composition of the Board;
- Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
 - a. Determine the appointment criteria viz. qualification, expertise, experience and integrity
 - b. Managing Director or Wholetime Director appointee shall be less than 70 yrs of age provided that the term of the person may be extended beyond 70 yrs with the approval of shareholders by passing a special resolution and the explanatory statement giving justification for such extension of appointment beyond 70 yrs.
 - c. Term of Managing Director/Wholetime Director shall not exceed 5 yrs at a time. No re-appointment shall be made earlier than 1 yr before the expiry of the term.
 - d. Independent directors shall hold office for a term upto 5 consecutive years and will be eligible for re-appointment on passing of special resolution by the company. No independent director shall hold office for more than two consecutive terms. However such independent directors shall be eligible for appointment after expiry of 3 yrs of ceasing to be an independent director and provided that such director shall not during the said period of 3 yrs be associated with the company in any other capacity either directly or indirectly.

- e. An independent director who has already served 5 yrs or more in the company as on 1st October, 2014 shall be eligible for appointment for only one more term of 5 yrs. If independent director at the time of his appointment shall not be on more than 7 listed companies as an independent director.
- f. A Wholetime Director of a listed company can be an independent director on three listed companies at a maximum.
- Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment;
- Identifying and recommending Directors who are to be put forward for retirement by rotation.
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance on an annual basis of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.

Remuneration to Whole-time, Managing Director, Directors, KMP and Senior Management Personnel:

- a) Fixed pay:

The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

- b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director and Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

- c) Where any insurance is taken by the Company on behalf of its Directors, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such

insurance shall not be treated as part of the remuneration payable to any such personnel; Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

- d) Increments/revision to the existing remuneration/compensation payable to Managing Director, Whole-time Director and Directors may be recommended by the Committee to the Board, which should be within the limits approved by the Shareholders.
- e) Provisions for excess remuneration:

If Managing Director and/or Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration to Non- Executive / Independent Director:

- a) Remuneration / Commission:
- The remuneration / commission shall be fixed by the Board from time to time with in the slabs and conditions mentioned in the Articles of Association of the Company and the Act.
- b) Sitting Fees:
- The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof; Provided that the amount of such fees shall not exceed Rs. 1,00,000/- per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
- Currently the Sitting Fees payable are as below:

Board meeting, Audit Committee, Stakeholders' Committee, Nomination & Remuneration Committee, Risk Committee and CSR Committee meetings Rs.10,000/- each.

- c) Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

- d) Stock Options:

An Independent Director shall not be entitled to any stock option of the Company

Currently shareholders have approved 0.25% of the profits of the company capped at Rs.10 lacs p.a.

Woman Director

At least one woman director shall be a member of the Board.