

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 Regulation 19 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015. 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.

Chairman

- 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 least once in a year and at such regular intervals as may be required.

Committee Members Interests

- A member of the Committee is not entitled to participate in the proceedings 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 Whole-time Director appointee shall be less than 70 years of age provided that the term of the person may be extended beyond 70 years with the approval of shareholders by passing a special resolution and the explanatory statement giving justification for such extension of appointment beyond 70 years.
- c. Term of Managing Director/Whole-time Director shall not exceed 5 years at a time. No reappointment shall be made earlier than 1 year 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 years of ceasing to be an independent director and provided that such director shall not during the said period of 3 years be associated with the company in any other capacity either directly or indirectly.
- e. An independent director who has already served 5 years or more in the company as on 1st October, 2014 shall be eligible for appointment for only one more term of 5 years. If independent director at the time of his appointment shall not be on more than 7 (seven) listed companies as an independent director.
- f. A Whole-time Director of a listed company can be an independent director on 3 (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;
- 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.
- Approving the remuneration including the annual increments to the Whole-time Director, Managing Director, Non-executive Directors, KMP

Remuneration to Whole-time Director and Managing Director, Directors:

a) Fixed pay:

The Whole-time Director/ Managing Director 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 provident fund, 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) Variable Pay/Commission:

The Whole-time Director/Managing Director shall be eligible for Variable Pay/Profit based Commission as may be approved by this Committee/Board subject to the limits laid down by the shareholders and the limits laid down under the Act.

c) 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.

d) Increments/revision to the existing remuneration/compensation payable to Managing Director, Whole-time Director to be approved by the Committee, which should be within the limits approved by the Shareholders and the Act.

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 approval required under the Act,, he / she shall refund such sums to the Company within two years from the date such sum becomes refundable 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 approved by the Company by special resolution with two years from the date the sum becomes refundable.

Remuneration to Non- Executive / Independent Directors:

a) Commission:

The Commission shall be fixed by this Committee/the Board from time to time as per the provisions of the Articles of Association of the Company and the Act.

b) Sitting Fees:

The Non- Executive / Independent Director may receive 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 for attending meetings are as below:

Board and Business Strategy Committee: Rs. 40,000/- per meeting

Audit Committee and Nomination and Remuneration and Corporate Social Responsibility Committee: Rs. 30,000/- per meeting

Stakeholders' Relationship Committee: Rs. 20,000/- per meeting.

c) Commission:

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

Currently, Non-executive Directors shall be entitled to a Commission of 0.50% of the net profits with a ceiling of Rs. 6.00 lakhs per director for each financial year. Additionally, the Non-executive Chairman shall be entitled to a Commission of 1.00% of the net profits less Commission payable to the other Non-executive Directors (except the Non-executive Chairman) subject to a ceiling of Rs. 12.00 lakhs for each financial year.

Non-Executive Directors' shall be eligible for remuneration of such professional services rendered if in the opinion of the NRC, the NED possesses the requisite qualification for rendering such professional services.

d) Stock Options:

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

Remuneration to the Senior Management Personnel including the Chief Financial Officer and the Company Secretary:

Remuneration payable to the Senior Management Personnel shall be approved by this Committee and shall include salary comprising of both fixed and variable components, performance incentives and other benefits as per the policy of the Company, considering relevant qualification, experience and performance of the individual as well as the prevailing market conditions. Remuneration shall be evaluated annually, and annual increase shall be decided considering the performance of the individual and also of the Company. Industry practices/ trends shall also be given due consideration. Annual increment /subsequent variation in remuneration to the KMPs/SMP shall be approved by this Committee.

Insurance

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.

Woman Director

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