Nomination and Remuneration Policy

1. PREAMBLE

In accordance with the requirements under Section 178 of the Companies Act, 2013 ("Act") and the rules made thereunder and Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023, the Nomination and Remuneration Committee of directors ("NRC") has formulated this Nomination and Remuneration Policy ("Policy") to govern the terms of nomination / appointment and remuneration of (i) directors of ("Director(s)"), (ii) key managerial personnel ("KMP"), and (iii) Senior Management Personnel ("SMP").

2. APPLICABILITY

The applicability of the policy is defined as per section 2(51) of the Companies Act, 2013. As per the definition, the following people and their positions are considered KMP:

1. Managing Director
2. Chief Executive Officer,
3. Company Secretary
4. Whole-time Director (WTD)
5. Chief Financial Officer
6. Any such officers designated by the Board as KMP but are not more than one level below the Directors in Whole-time employment
7. Any other officer as identified by the board

The policy is also applicable to the "senior management ''. "Senior Management" means company personnel members of its core management team, excluding the Board of Directors, comprising all members of management one level below the Chief Executive Officer, up to senior vice president

3. OBJECTIVE AND PURPOSE

The objective and purpose of the policy is:

a) To ensure that the quantum and composition of remuneration is reasonable and sufficient to attract, retain and motivate employees.

b) To ensure that relationship of remuneration to performance is clear and meets the performance benchmarks.

c) To ensure that remuneration to Directors, Key Managerial Personnel, Senior Management and other employees involves a balance between fixed and incentives pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

d) Evaluating the performance of the Director(s) and providing necessary report to the Board for its further evaluation and consideration.

4. NOMINATION AND REMUNERATION COMMITTEE (NRC):

i. Constitution Of Committee:

a) NRC shall consist of a minimum 3 (three) non-executive Director(s), half of them being independent. The Chairman of the NRC shall be an independent Director**. Chairman of the Board may be appointed as a Member of the NRC but he shall not be appointed as the Chairman of the NRC. The company secretary shall act as the secretary to the NRC.

b) At least 2 (two) Members shall constitute a valid quorum for the NRC meeting. NRC may invite any executive, as it considers appropriate, to be present at the meetings of NRC.
c) A Member is not entitled to be present when his / her remuneration is discussed or performance is evaluated at NRC meeting.
d) The term of the NRC shall be continued unless terminated by the Board and the Membership of the Committee shall be disclosed in the annual report.

***In accordance with Rule 4(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, read together with Section 149(6) of the Companies Act, 2013, Barota Finance Limited—being a wholly owned subsidiary—is exempt from the requirement to appoint any independent director.*

ii. **Role of Nomination and Remuneration Committee:**

a) The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees.
b) To identify the person who are qualified to become Director(s), KMP and SMP.
c) To recommend to the board for appointment/removal of Director(s), KMP and SMP of and carryout evaluation of every Director's performance in its annual report.
d) To recommend to the board a policy for remuneration of Director(s), KMP and SMP if any.
e) The Nomination and Remuneration Committee shall, while formulating the policy, ensure that:
   - the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
   - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
   - Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
f) To review the annual performance of executive and non-executive Director(s).
g) To formulate criteria for evaluation of independent Director(s) and the Board.
h) To devise a policy on Board diversity.
i) To carry out any other responsibilities and duties delegated to it by the Board from time to time.
j) To carry out additional functions and adopt additional policies and procedures as may be required or appropriate in light of changing business, legislative, regulatory, legal or other conditions.

iii) Meetings of NRC

The meeting of the NRC shall be held at such time and interval as may be required.

iv) **Appointment / Nomination Criteria:**

I. The Committee shall identify and ascertain the integrity, qualifications, skills, expertise, back ground, experience, independence etc. of the person for appointment as a Director, Key Managerial Personnel (KMP) and Senior Management Personnel and recommend to the Board his/her appointment. The appointment of the Directors and KMP shall be as per the provisions of the Companies Act, 2013 and other applicable laws, as amended from time to time.

II. In case of appointment of Director, the Committee and the Board shall ensure that they meet the fit and proper criteria prescribed by the Reserve Bank of India as amended from time to time and maintain the position during their tenure in office.

III. NRC shall ensure that any person(s) who is / are appointed or continues in the employment as its executive Chairman, managing director, whole time director should comply with the conditions as laid out under Part I of Schedule V of the Company's Act 2013.

IV. NRC shall ensure that any appointment of a person as an independent Director of Company shall be made in accordance with the provisions of Section 149 read with Schedule IV of the Company's Act 2013 along with any other applicable provisions.

V. Any other criteria as the Committee may deem fit and / or mentioned in the applicable laws.

V. REMOVAL:

NRC shall recommend to the Board, with reasons recorded in writing, for removal / suspension of any Director(s), KMP and SMP of Company if any of such aforementioned person(s), due to any reason(s), under the provisions of the Act or any rules made thereunder or under any other applicable law.

5. INDEPENDENT DIRECTOR

- NRC shall ensure that an independent Director appointed on the Board shall hold office for a term of 5 (five) consecutive years and he shall be eligible for reappointment on passing of a special resolution and disclosure of such appointment in the Board's report.
- NRC shall ensure that no independent Director shall hold office for more than 2 (two) consecutive terms, but the independent Director shall be eligible for appointment after expiry of 3 (three) years of ceasing to become an independent Director. Provided that such independent Director shall not, during the said cooling period of 3 (three) years, be appointed in or be associated with Company in any other capacity, either directly or indirectly.

6. PERFORMANCE EVALUATION

i. The Committee shall specify the manner for effective evaluation of performance of Board as a whole, Chairperson, its Committees and individual directors.

ii. The Committee shall monitor and review Board Evaluation Framework, conduct an assessment of the performance of the Board, each Board Committee, the Independent Directors, and the Chair of the Board against criteria as determined and approved by the Committee.

iii. The performance evaluation of Independent Directors shall be done by the entire Board of Directors, on the basis of recommendations of the Committee (excluding the director being evaluated).

iv. The Committee, on request of the Board, may formulate evaluation methodology either by board or by an external agency, for approval of the board.

v. The Committee may invite such executives, as it considers appropriate to be present at the meetings of the Committee.

7. REMUNERATION TO DIRECTORS AND KEY MANAGERIAL PERSONNEL:

- The Board, on the recommendation of the Nomination and Remuneration Committee, reviews and approves the remuneration payable to the Executive Directors and Key Managerial Personnel. The Board and the Committee considers the provisions of the Companies Act, 2013, the limits approved by the shareholders and the individual and corporate performance in recommending and approving the remuneration to the Executive Directors and Key Managerial Personnel.
- Further, the Director of the Company is authorized to decide the remuneration of KMP (other than managing / Whole-time Director) and Senior Management based on prevailing HR policies of the Company. The remuneration / sitting fees, as the case may be, to the Non-Executive / Independent Director, shall be in accordance with the provisions of the Act and the Rules made there under for the time being in force or as may be decided by the Committee / Board / shareholders.

8. REVIEW AND AMENDMENT:

The Nomination & remuneration Committee or the Board may review the policy as and when it deem necessary and it may be amend or substitute the same as and when required, where there is any statutory changes necessitating the change in the policy**.**

This Policy is approved by the Board of Directors in its meeting dated 19th January, 2019.