



**BERAR FINANCE LIMITED**

**NOMINATION AND REMUNERATION POLICY**

**RECORD OF REVIEW:**

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## **INTRODUCTION**

The Board of Directors of Berar Finance Limited ("the Company") constituted the "Nomination and Remuneration Committee" at its Meeting held on 27<sup>th</sup> Day of May, 2014 with immediate effect, consisting of three (3) Non-Executive Directors of which majority are Independent Directors.

### **1. OBJECTIVE:**

The Nomination and Remuneration Committee and this Policy is in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto.

The Key Objectives of the Committee would be:

- a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, Key Managerial Personnel and Senior Management Personnel.
- c) To evaluate the performance of the members of the Board, Committees of the Board and Board as a whole and provide necessary report to the Board for further evaluation of the Board.
- d) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- e) To administer Employees Stock Option Plan of the Company.

### **2. APPLICABILITY:**

- a) Directors (Executive and Non-Executive).
- b) Key Managerial Personnel.
- c) Senior Management Personnel.

### **3. DEFINITIONS:**

- 3.1) "Act" means the Companies Act, 2013 and Rules framed there under, as amended from time to time.
- 3.2) "Board" means Board of Directors of the Company.
- 3.3) "Directors" means Directors of the Company.
- 3.4) "employees' stock option" means the option given to the directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.
- 3.5) "Key Managerial Personnel" means
  - (i) Chief Executive Officer or the managing director or the manager;
  - (ii) Company secretary,
  - (iii) Whole-time director;
  - (iv) Chief Financial Officer; and
  - (v) such other officer as may be prescribed.
- 3.6) "Senior Management" means Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the executive directors including all functional heads.

#### **4. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT AND THE COMMITTEE ROLE IN THIS REGARD:**

##### **1. Appointment Criteria and Qualifications:**

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

##### **2. Term / Tenure**

###### **a) Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

###### **b) Independent Director:**

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to such other number as may be prescribed under the Act.

3. Evaluation

The Committee shall carry out evaluation of performance of every Director, Committees of the Board, Board as a whole, KMP and Senior Management Personnel at regular interval (yearly).

4. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

5. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**5. MEMBERSHIP:**

- a) The Committee shall consist of three or more non-executive directors out of which not less than one-half shall be independent directors.
- b) Minimum two (2) members shall constitute a quorum for the Committee meeting.
- c) Membership of the Committee shall be disclosed in the Annual Report.
- d) Term of the Committee shall be continued unless terminated by the Board of Directors.

**6. CHAIRMAN:**

- a) Chairman of the Committee shall be an Independent Director.
- b) Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- c) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- d) 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.

## **7. FREQUENCY OF MEETING:**

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

## **8. COMMITTEE MEMBERS' INTERESTS:**

- a) 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.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

## **9. SECRETARY:**

The Company Secretary of the Company shall act as Secretary of the Committee.

## **10. VOTING:**

- a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

## **11. NOMINATION DUTIES:**

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

- Ensuring that there is an appropriate induction & training programme 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 in accordance with the Guidelines provided under the Companies Act, 2013;
- Identifying and recommending Directors who are to be put forward for retirement by rotation.
- 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;
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance 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.

- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board. Considering any other matters as may be requested by the Board;

## **12. REMUNERATION DUTIES:**

The duties of the Committee in relation to remuneration matters include:

- To consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- To recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management involves maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- To delegate any of its powers to one or more of its members or the Secretary of the Committee.
- To consider any other matters as may be requested by the Board;
- Professional indemnity and liability insurance for Directors and senior management.

## **13. DUTIES WITH RESPECT TO EMPLOYEE STOCK OPTION PLAN:**

The duties of the Committee in relation to Employee Stock Option Plan include:

- To determine the eligibility criteria for granting the Options to the Employees from time to time.
- To administer and supervise the Employee Stock Option Plans of the Company.
- To determine all questions of interpretation of the Employee Stock Option Plans.
- To determine the following:
  - (a). The quantum of Options to be granted per Employee;
  - (b). The Exercise Period within which the Employee should exercise the Options and that Options would lapse on failure to Exercise the Options within the Exercise Period;
  - (c). The specified time period within which the Employee shall exercise the Vested Options in the event of termination or resignation of an Employee;
  - (d). The right of an Employee to exercise all the Options vested in him at one time or at various points of time within the Exercise Period;

- (e). The procedure for making a fair and reasonable adjustment to the number of Options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration by the Committee:
  - i. The number and the price of Options shall be adjusted in a manner such that total value of the Options remains the same after the corporate action.
  - ii. The Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Options holders.
- (f). The procedure and terms for the Grant, Vesting and Exercise of Options in case of Employees who are on long leave;
- (g). The conditions under which Option vested in Employees may lapse in case of termination of employment for misconduct;
- (h). The procedure for cashless Exercise of Options, if required;

**14. MINUTES OF COMMITTEE MEETING:**

The minutes of the proceedings of each Committee Meeting must be dated and signed by the Chairman of the said Committee Meeting or the Chairman of the subsequent Committee Meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

**15. AMENDMENT TO THE POLICY:**

The Board of Directors on its own and /or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

In case of any amendment (s), clarification(s), circular(s) etc issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendment(s), clarification(s), circular(s) etc shall prevail under the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

**16. DISCLOSURE:**

The details of this policy and the evaluation criteria as applicable shall be disclosed in the Annual Report as part of Board's Report therein or alternatively the same may be put on the Company's website and reference drawn thereto in the Annual Report.

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