



BirlaNu Limited

Nomination, Remuneration & Evaluation Policy

1. INTRODUCTION

A transparent, fair and reasonable process for determining the appropriate remuneration at all levels of the Company is required to ensure that shareholders remain informed and confident in the management of the Company. To harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013, rules made thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, ("Listing Regulations") this policy on nomination and remuneration of Directors (including non-executive directors) of the Board of Directors, the Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors. This Policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors (including non-executive directors), Key Managerial Personnel and Senior Management Personnel.

2. OBJECTIVE OF THE POLICY

- (a) The objective of this Policy is to outline a framework to ensure that the Company's remuneration levels are aligned with industry practices and are sufficient to attract and retain competent directors on the Board, KMPs and the Senior Management Personnel of the quality required, while allowing fair rewards for the achievement of key deliverables and enhanced performance. The key objectives of this Policy include:
 - (i) guiding the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management;
 - (ii) evaluating the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
 - (iii) recommending to the Board the remuneration payable to the Directors, Key Managerial Personnel and setting forth a policy for determining remuneration payable to Senior Management Personnel.
- (b) While determining the remuneration for the Directors (including non-executive directors) and KMPs and the Senior Management Personnel, regard should be had to prevailing market conditions, business performance and practices in comparable companies, also to financial and commercial health of the Company as well as prevailing laws and government/other guidelines, to ensure that pay structures are appropriately aligned and the levels of remuneration remain appropriate.
- (c) While designing the remuneration package it should be ensured:
 - (i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the person, to ensure the quality required to run the Company successfully;
 - (ii) there is a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
- (d) Some part of the remuneration package may be linked to the achievement of corporate performance targets of the Company and a strong alignment of interest with stakeholders.

- (e) The Committee may consult with the chairman of the Board as it deems appropriate.
- (f) The Committee shall observe the set of principles and objectives as envisaged under the Companies Act, 2013 (“**Act**”) (including Section 178 thereof), rules framed there under and Listing Regulations including, *inter-alia*, principles pertaining to determining qualifications, positives attributes, integrity and independence.
- (g) In this context, the policy replaces the existing Nomination and Remuneration Policy and has been adopted by the Board of Directors at its meeting held on March 19, 2019.

3. EFFECTIVE DATE

This policy shall be effective from April 1, 2019 and any amendment to this Policy shall be effective from the effective date of such amendments as specified either in the applicable laws/ regulations or as specified by the Board.

4. DEFINITIONS

- (a) In this Policy unless the context otherwise requires:
 - (i) ‘**Act**’, means the Companies Act, 2013, as amended from time to time.
 - (ii) ‘**Board of Directors**’ or ‘**Board**’, in relation to the Company, means the collective body of the directors of the Company.
 - (iii) ‘**Committee**’ means Nomination and Remuneration cum Compensation Committee of the Company as constituted or reconstituted by the Board.
 - (iv) ‘**Company**’ means “BirlaNu Limited”.
 - (v) ‘**Independent Director**’ means a director referred to in Section 149(6) of the Companies Act, 2013 read with Regulation 16(1)(b) of the Listing Regulations.
 - (vi) ‘**Key Managerial Personnel**’ (**KMP**) shall have the meaning ascribed to it in the Act and the Rules made thereunder.
 - (vii) ‘**Non-Executive Directors**’ includes Independent Directors.
 - (viii) ‘**Policy**’ means this Nomination, Remuneration & Evaluation Policy.
 - (ix) ‘**Senior Management Personnel**’ for this purpose shall mean personnel of the Company who are members of its core management team excluding board of directors and shall comprise all members of management one level below the chief executive officer/managing director/ whole time director/ manager (including chief executive officer/manager, in case they are not part of the Board) as may be decided by the Company from time to time, and shall specifically include company secretary and chief financial officer

- (x) Unless the context otherwise requires, words and expressions used in this policy and not and not defined herein but defined in the Act and /or Listing Regulations, as may be amended from time to time, shall have the meaning respectively assigned to them therein.

5. APPLICABILITY

This Policy is applicable to:

- (i) Directors, including Non- Executive Directors
- (ii) Key Managerial Personnel
- (iii) Senior Management Personnel

6. COMMITTEE MEMBERSHIP, CHAIRMAN AND QUORUM

- (a) The Committee shall consist of such number of directors as is required under applicable laws.
- (b) Membership of the Committee shall be disclosed in the Annual Report and in the website of the Company.
- (c) The Terms of reference of the Committee shall be as determined and approved by the Board from time to time.
- (d) Term of the Committee shall be continuous unless terminated by the Board of Directors.
- (e) Chairman of the Committee shall be an Independent Director.
- (f) Chairperson of the Company (whether executive or non executive) may be appointed as a member of the Committee but shall not be the Chairman of the Committee.
- (g) Chairman of the Nomination and Remuneration cum Compensation Committee meeting shall be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.
- (h) The quorum of the Committee shall be as determined by the Companies Act, 2013 and/or SEBI LODR or any applicable regulations.

7. RESPONSIBILITY OF THE COMMITTEE

The Committee is responsible for:

- (i) formulating criteria for determining qualifications, positive attributes and independence of a Director for the purpose of this Policy;
- (ii) advising the Board on issues concerning principles for remuneration and other terms of employment including remuneration for the Directors (including Non-Executive Directors), KMPs and the Senior Management Personnel;
- (iii) monitoring and evaluating programs for variable remuneration, both on-going and those that have ended during the year, for the Directors (including Non-Executive Directors, KMPs and the Senior Management);
- (iv) monitoring and evaluating the application of this Policy;
- (v) monitoring and evaluating current remuneration structures and levels in the Company; and
- (vi) any other responsibility as determined by the Board.

As per the provisions of the Act and Listing Regulations, The Committee may frame and recommend to the Board the criteria for delegation of the powers of appointment and removal of Senior Management Personnel, except the appointment and removal of Key Managerial Personnel, to the Managing Director of the Company.

8. APPOINTMENT OF DIRECTORS, KMPs Or SENIOR MANAGEMENT PERSONNEL

- (i) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMPs and at Senior Management level.
- (ii) A person should possess adequate qualifications, expertise and experience for the position he/she is considered for appointment as a Director, Key Managerial Personal or Senior Management Personnel. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- (iii) Appointment of Directors, KMP's and Senior Management Personnel are subject to compliance of provisions of the Act and the Listing Regulations.
- (iv) The appointment as recommended by the Committee further requires the approval of the Board in those cases where such approval is specified in the Act and/ or Listing Regulations.

9. REMUNERATION

- (i) The remuneration / compensation / commission etc. to Directors and KMP will be determined by the Committee and recommended to the Board for approval. The remuneration/ compensation/ commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- (ii) The remuneration and commission to be paid to Directors shall be as per the statutory provisions of the Act and the rules made thereunder and / or Listing Regulations, for the time being in force.
- (iii) Increments to the existing remuneration/ compensation structure of Directors and KMP shall be recommended by the Committee to the Board which should be within the slabs approved by the shareholders in the case of Directors.
- (iv) Where any insurance is taken by the Company on behalf of its Directors and KMP 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.

a) Remuneration to Executive Director and KMPs

Remuneration structure of the Executive Directors and KMPs may include the following components:

Fixed pay:

- Executive Directors and KMP shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Act, and the rules made thereunder, and / or Listing Regulations, for the time being in force. The monthly remuneration shall include basic salary, special pay, house rent allowance (as per statutory limits) and other components as may be considered appropriate.
- The break-up of the pay scale and quantum of perquisites including, employer's contribution to provident fund, gratuity, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee within the statutory limits, wherever applicable and approved by the shareholders and Central Government, wherever required.

Variable components:

- The Executive Director and KMP participate in a performance linked variable pay scheme which will be based on the individual and Company's performance for the year, pursuant to which the Executive Director and KMP are entitled to performance-based variable remuneration.

Reimbursement of Expenses:

- The Executive Directors and KMPs are also entitled for reimbursement of several work-related expenses, including car, telephones, broadband at home, and work-related newspapers and magazines as per statutory provisions. However, reimbursement of these expenses incurred for official purposes shall not be part of the remuneration.

Subsequent Change/ Increments:

- Any subsequent change / increments in the remuneration of Executive Directors shall be approved by the Board in accordance with the recommendation of the Committee, subject to the statutory provisions and the approval of the shareholders and Central Government, wherever required.
- Any subsequent change / increments in the remuneration of KMPs (other than Executive Directors) shall be in accordance with HR policy of the Company.

Limits of Remuneration:

- The limits of remuneration/including increments for Executive Directors shall be as per the provisions of the Companies Act, 2013 and Listing Regulations.

b) Remuneration to Non- Executive Directors:

- (i) The Committee shall recommend to the Board, the remuneration payable to Non-Executive Directors (including Independent Directors) of the Company.
- (ii) Wherever applicable, the remuneration shall be within the overall limits approved by the shareholders (excluding sitting fees) as per the provisions of Act and Listing Regulations.
- (iii) Remuneration to Non-Executive Directors (including independent Directors) on the Board may consist of the following components:

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 the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

Profit related commission:

- The Non-Executive Directors are entitled to profit related commission at such percentage, not exceeding the limit prescribed in the Act, of the net profits of the Company, as shall be approved by the shareholders of the Company.

However, the Board, on the recommendation of the Committee, shall review and approve the profit related commission payable to Non-Executive Directors (including Independent Directors) of the Company within the overall limits approved by the shareholders (excluding sitting fees), wherever such approval is required.

However with the approval of the shareholders by special resolution, the annual remuneration payable to a single Non-Executive Director can exceed fifty per cent of the total annual remuneration payable to all Non-Executive Directors.

Reimbursement of expenses:

The Non-Executive Directors shall be reimbursed with the expenses in connection with Board and committee meetings.

c) Provisions for excess remuneration:

- If any Director draws or receives, directly or indirectly by way of remuneration any such sum in excess of the limits prescribed under the Act or without approval as may be required under the Act, he /she shall refund such sum to the Company within a period of two years or such lesser period as may be specified by the Board, and until such sum is refunded, hold it in trust for the Company.

d) Remuneration to Senior Management Personnel:

- i. The Committee, shall review and recommend to the Board, the remuneration payable to the Senior Management Personnel of the Company, which shall include all remuneration payable, in whatever form.
- ii. Where any insurance is taken by the Company on behalf of its Senior Management Personnel 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.
- iii. Remuneration to Senior Management Personnel may consist of the following components:

Fixed pay:

- Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee.
- The break-up 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 Board on the recommendation of the Committee.

Variable components:

The Senior Management Personnel participate in a performance linked variable pay scheme which will be based the individual and company performance for the year, pursuant to which the Senior Management are entitled to performance-based variable remuneration.

10. EVALUATION OF PERFORMANCE OF DIRECTORS, BOARD AS A WHOLE AND COMMITTEES THEREOF

Performance Evaluation criteria of Directors, Board as a whole and Committees thereof is as follows:

- a. At least one meeting of the Independent Directors be held in a financial year.
- b. Independent Directors, in their meeting, shall:
 - i. review the performance of non-independent directors and the Board as a whole;
 - ii. review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
 - iii. assess the quality, quantity and timeliness of flow of information between the Company's management and the Board, that is necessary for the Board to effectively and reasonably perform their duties.
 - iv. Independent Directors will do the above evaluation based on structured questionnaires.
- c. Report of performance evaluation done by the Independent Directors to be submitted to the Chairman of the Board/ authorised Director/ official in sealed envelope.
- d. Board of Directors will evaluate the performance of the Board, its Committees and the Executive, Non-Executive and Independent Directors in the financial year. The Director being evaluated will not participate in his own evaluation process. Set of structured questionnaires to be circulated to the Board / Committee Members. Evaluation to be carried based on responses of individual Directors / Committee Members on the questionnaires.
- e. The final report of performance evaluation as stated above shall be kept either in the custody of the Chairman of the Board or such other official as may be so authorized.
- f. Committee shall review the performance evaluation process.

11. POLICY ON BOARD DIVERSITY

(a) Policy Statement

- i. This is largely framed to address the importance of a diverse Board in harnessing the unique and individual skills and experiences of the members in a way that collectively benefits the organization and business as a whole. The basic essence of this is to provide a framework for leveraging on the differences within the expertise of the Board, offering a broad range of perspectives that are directly relevant to the business.
- ii. To leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, to ensure competitive advantage.
- iii. Enhance the quality of decisions making and ensure better business performance.
- iv. Complement and expand the skills, knowledge and experience of the Board as a whole and provide better Corporate Governance

- (b) The Nomination and Remuneration cum Compensation committee is responsible for reviewing and accessing the composition and performance of the Board, as well as identifying appropriate qualified persons to occupy Board Positions.
- (c) While the appointment on the Board will continue to be made on merit, the Committee will consider the benefits of diversity (including but not limited to attributes listed above) in identifying and recommending persons to the Board Memberships.
- (d) Further, the Committee shall ensure that no person is discriminated against on grounds of religion, race, gender, national origin or ancestry, material status, age, sexual orientation, or any other personal and physical attribute which does not speak to such person's ability to perform as Board Member.
- (e) The Committee shall
 - i. Access the appropriate mix of diversity, skill, experience, required on the Board and access the extent to which the required skills are represented in the Board.
 - ii. Make recommendation to the Board in relation to the appointments, and maintain an appropriate mix of diversity, skill experience and expertise on the Board.
 - iii. The Board of Directors shall have the optimum combination of Executive Directors and Non-Executive directors and independent directors as per Act and Listing Regulations

12. REMOVAL

The Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP and Senior Management subject to the provisions and compliance of the applicable Act, rules and regulations, if any.

However, the Managing Director can remove or terminate the services of Senior Management Personal on ground of violation of HR Polices, Integrity, Code of Conduct, mis-conduct etc.

13. DISCLOSURE OF INFORMATION

This Policy or salient features thereof shall be disclosed in the Board's report as per the requirements of the Act and/ or Listing Regulations.

14. DEVIATION FROM THE POLICY

The Board may, in individual or collective case, deviate from this Policy, in its absolute discretion, if there are particular reasons to do so. In the event of any departure from the Policy, the Board shall record the reasons for such departure in the Board's minutes.

15. AMENDMENTS TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of the 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 upon 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.

Date: March 19, 2019
Place: New Delhi

Dhirup Roy Chaudhary
Managing Director

Name of the Policy	Recommending Authority	Approving Authority	Approval/Revision Date	Policy Version
BirlaNu Limited Nomination, Remuneration & Evaluation Policy	N/A	Board of Directors	March 19, 2019	V1-2019