

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Section 178(4) of the Companies Act, 2013 (“the Act”) and Regulation 19(4) read with Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”).

Background

The policy on appointment and remuneration of Directors, Key Managerial Personnel, and other employees (“the Policy”) provides an underlying basis and guide for human resource management, thereby aligning plans for strategic growth of the Company. The policy has been prepared pursuant to the provision of Section 178(4) of the Companies Act, 2013 (“the Act”) and Regulation 19(4) read with Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”).

This Policy is divided in four parts: -

- **Section I** – Key objectives of the Nomination & Remuneration Committee (“the Committee”) and this Policy;
- **Section II** – Duties of the Committee in relation to various matters including recommendations to be made by the Committee to the Board;
- **Section III** – The Policy on appointment, term and retirement of Director, Key Managerial Personnel and Senior Management by the Committee;
- **Section IV** – Provisions relating to the Remuneration for the Whole-time Director, Key Managerial Personnel, Senior Management Personnel.

Definitions

‘Board’ means Board of Directors of the Company.

‘Directors’ means Directors of the Company.

‘Committee’ means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act and applicable listing agreements and/or regulations.

‘Company’ means Bansal Roofing Products Limited.

‘Independent Director’ means a Director who satisfies the independence criteria mentioned in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015 or any amendments to the said provisions, as may be notified from time to time.

‘Key Managerial Personnel (KMP)’ means key managerial personnel as defined in sub-section (51) of section 2 of the Act or any amendments to the said provisions, as may be notified from time to time.

‘Senior Management’ means senior management as defined in Regulation 16(1)(d) of the SEBI (LODR) Regulations, 2015 and as provided in the explanation in the provisions of Section 178 of the Act or any amendments to the said provisions, as may be notified from time to time.

Explanation:

I. One level below the chief executive officer/managing director/whole time director/manager shall mean all employees in the grade of President and above.

II. Functional heads shall mean heads of various functions of the Company.

III. Senior Management shall not include appointments made on temporary basis or appointments fixed on consolidated pay basis.

‘Remuneration’ means any money or its equivalent given or passed on to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

Section I

The Key Objectives of the Policy would be:

- To guide the Board in relation to appointment, retention 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 ensure the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- To recommend to the Board, the level and composition of remuneration payable to Directors, Key Management Personnel and Senior Management is reasonable and sufficient to attract, retain and motivate them;
- To ensure that the remuneration payable 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;
- 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 & Senior Management and to regularly review the plan.

Section II

This section covers the duties of the Committee in relation to various matters and recommendations to be made by the Committee to the Board.

Duties and Role of Committee:

Matters to be dealt with, perused and recommended to the Board by the Committee shall include:

- Formulating the criteria for determining qualifications, positive attributes and independence of a Director;
- Identifying persons who are qualified to become Director and persons who may be appointed in Key Managerial positions in accordance with the criteria laid down in this policy;
- Recommending to the Board, appointment and removal of Directors, Key Managerial Personnel and Senior Management Personnel.

Specifically, the duties include:

A. Nomination Matters

- Determining the appropriate size, composition, and diversity of the Board;
- Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- Ensuring that there is an appropriate induction plan in place for new Directors and reviewing its effectiveness;
- Identifying and recommending Directors who are to be put forward for appointment, reappointment and eligible for retire by rotation;
- 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, industry benchmarks and compliance;
- 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;
- Recommend necessary changes to the Board in line with Board Diversity Policy;
- Considering any other matters, as may be requested by the Board.

B. Remuneration Matters

- To consider and determine whether the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors; To consider and recommend remuneration payable to senior management including Key Managerial Personnel of the Company by maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company, and its growth strategy;
- To manage and administer the Employee Stock Option Plans including long term incentive in the form of RSUs of the Company;
- To consider any other matters as may be requested by the Board.

Section III

This section covers the Policy for appointment, term and retirement of Director and Key Managerial Personnel by the Committee.

Appointment criteria and qualifications:

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or senior management level and recommend to the Board, persons to be appointed as Director, KMP or in the senior management level.
- The Committee shall, with reference to every appointment of an Independent Director, evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation,

prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description.

- The Committee may, for the purpose of identifying suitable candidates undertake the following –
 - i. use the services of an external agencies, if required;
 - ii. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - iii. consider the time commitments of the candidates.
- 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;
- The Company shall not appoint any person as Managing Director/Whole-time Director who has attained the age of seventy years, unless 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;
- The Company shall not appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy-five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.

Term or Tenure:

- **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 such term as may be specified under the Act. No re-appointment shall be made earlier than one year before the expiry of term, and which shall be done with the approval of the shareholders of the Company, based on the recommendation of the Nomination and Remuneration Committee and the Board.
- **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 a term up to five consecutive years 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, 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.

The Company shall not appoint or continue any person as an Independent Director who has attained the age of seventy-five years.

Provided that appointment of an individual as an Independent Director for the first term may be made only if the individual has at least three years till the attainment of the age of seventy-five

years (i.e. the individual has not attained the age of 72 years at the time of appointment).

Provided further that appointment of an individual as an Independent Director for the second term may be made only if the individual has at least one year till the attainment of the age of seventy- five years (i.e. the individual has not attained the age of 74 years at the time of appointment).

- **Key Managerial Personnel and Senior Management Personnel:** A person to be appointed as Key Managerial Personnel or in the senior management level shall possess adequate qualification, expertise and experience for the position he / she is considered for appointment.

Key Managerial Personnel (other than Whole Time Directors) and the Senior Management Personnel shall retire at the age of sixty years which may be extended up to a maximum of seventy years under exceptional circumstances to be recorded in writing and duly approved by the NRC.

Evaluation:

The Committee shall carry out evaluation of performance of every Director at regular intervals and atleast on an annual basis.

Removal:

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

Retirement:

The Director, Key Managerial Personnel 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 or Key Managerial Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

Section IV

This Section of the Policy covers provisions relating to the Remuneration for the Whole-time Director, Key Managerial Personnel and Senior Management Personnel.

1. Remuneration to Whole-time / Executive / Managing Director:

Fixed Pay: Nomination and Remuneration Committee shall recommend the remuneration, including the commission based on the net profits of the Company Whole-time Director and Managing Director. This will be then approved by the Board and shareholders. Prior approval of shareholders will be obtained wherever applicable. 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, wherever required.

Annual increments as recommended by the Nomination and Remuneration Committee, and is approved by the Board. Within the prescribed ceiling, the perquisites package is approved by the Committee.

The remuneration paid to Executive Directors is determined keeping in view the industry benchmark and the relative performance of the Company to the industry performance. Perquisites and retirement benefits are paid according to the Company policy as applicable to all employees.

Minimum Remuneration: If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its 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 shareholders.

Provisions for excess remuneration: If any 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, 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 shareholders.

Remuneration to Non- Executive / Independent Director:

Independent Non-Executive Directors are appointed for their professional expertise in their individual capacity as independent professionals / Business Executives. Independent Non- Executive Directors receive sitting fees for attending the meeting of the Board and Board Committees and commission as approved by the Board and shareholders.

The remuneration by way of commission paid to the Independent Non-Executive directors is determined periodically & reviewed based on the industry benchmarks.

Remuneration to Key Managerial Personnel and Other Employees:

The remuneration of employees largely consists of basic salary, perquisites, allowances and performance incentives. Perquisites and retirement benefits are paid according to the Company policy, subject to prescribed statutory ceiling.

The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification & experience / merits, performance of each employee. The Company while deciding the remuneration package takes into consideration current employment scenario and remuneration package of the industry.

The annual variable pay of managers is linked to the performance of the Company in general and their individual performance for the relevant year measured against Company's objectives fixed in the beginning of the year.

Amendments

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 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.

By and order of Board of Directors,

Bansal Roofing Products Limited

