

## NOMINATION AND REMUNERATION POLICY

### 1. Philosophy and Objective

Our human resource philosophy is designed to build a best-in-class organisational culture to attract, nurture and retain talent across levels, globally. We continually strive to foster an environment that enhances skills and leadership qualities among our global teams. We also believe that a well-designed, consistently applied compensation program is fundamental to the creation of sustainable workforce over the long-term.

This policy ("Policy") encapsulates the nomination and remuneration philosophy of Bharat FIH Limited ("Company"). The Policy also lays down the criteria for determining qualifications, competencies, positive attributes and independence for appointment of Directors and policies of the Company relating to remuneration of Directors, KMP and other employees.

### 2. Guiding Law(s) for the Management of the Committee

In accordance with Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014 and Regulation 19 read with Part D of the Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") require a listed public company to adopt a policy with respect to appointment and remuneration of Directors, Key Managerial Personnel (KMP) and other employees.

### 3. EFFECTIVE DATE

The Board at its meeting held on December 14, 2021 has approved and adopted the Policy. The Policy shall become effective from December 14, 2021.

### 4. Definitions

- i. "**Act**" means the Companies Act, 2013 and the rules framed thereunder, as amended from time to time.
- ii. "**Board**" means Board of Directors of the Company consisting of the directors duly appointed and not ceased to be directors in terms of the Companies Act, 2013.
- iii. "**Directors**" mean means a director appointed to the Board of the Company
- iv. "**Key Managerial Personnel**" as defined under sub-section (51) of Section 2 of the Companies Act, 2013 includes:
  - Chief Executive Officer or the Managing Director or the Manager;
  - Whole-time Director;
  - Chief Financial Officer;
  - Company Secretary; and
  - Such other officer as may be prescribed.

The expression "**Senior Management Personnel**" means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

**“Nomination and Remuneration Committee or NRC”** means a Committee of the Board constituted pursuant to section 178 of the Act.

**“Policy or this Policy”** means the Policy on Nomination, Removal, Remuneration and Board Diversity.

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

## 5. Membership

In accordance with Regulation 19 of the SEBI Listing Regulations, the Committee shall consist of at least three directors. All directors of the committee shall be non-executive directors. Further, At least fifty percent of the directors shall be independent directors. The Chairperson of the Company (whether executive or non-executive) may be appointed as a Member but shall not chair such committee.

## 6. Board Diversity

The Committee in their nomination process and while making recommendations to the Board shall endeavour to have an optimum combination of directors from different fields/walks such as management, legal, finance, marketing, human resources, bureaucracy, public policy etc. and adequate representation of women directors on the Board.

## 7. Role(s) & Responsibility(ies)

The Nomination and Remuneration Committee (the “Committee”) shall include the following:

- i. 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 the directors, key managerial personnel and other employees
- ii. For every appointment of an independent director, evaluation of the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, preparation of a description of the role and capabilities The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
  - iii. use the services of an external agencies, if required;
  - iv. consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - v. consider the time commitments of the candidates;
- vi. Formulation of criteria for evaluation of independent directors and the Board;
- vii. Devising a policy on Board diversity,
- viii. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and carrying out evaluation of every director’s performance (including independent director);
- ix. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- x. Recommend to the Board, all remuneration, in whatever form, payable to senior management;
- xi. The Committee, while formulating the Remuneration Policy, should ensure that –

- a. the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
  - b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - c. 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.
- xii. Performing such functions as are required to be performed by the Committee under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, including the following:
- a. administering the existing and proposed employee stock option schemes formulated by the Company from time to time (the "Plan");
  - b. determining the eligibility of employees to participate under the Plan;
  - c. granting options to eligible employees and determining the date of grant;
  - d. determining the number of options to be granted to an employee;
  - e. determining the exercise price under the Plan; and
  - f. construing and interpreting the Plan and any agreements defining the rights and obligations of the Company and eligible employees under the Plan, and prescribing, amending and/ or rescinding rules and regulations relating to the administration of the Plan.
- xiii. Framing suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:
- a. the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
  - b. the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, by the trust, the Company and its employees, as applicable.

Performing such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 to the extent notified and effective, as amended or by the SEBI Listing Regulations or by any other applicable law or regulatory authority.

## 8. Key Objectives

- i. To advise and recommend the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management Personnel.
- ii. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- iii. To ensure that the remuneration of Directors, Key Managerial Personnel and Senior Management Personnel is based and determined on the basis of individual's responsibilities and performance and in accordance with the limits as prescribed statutorily, if any, including that the remuneration to be paid to the Managing Director and/or Whole-Time Director shall be in accordance with the percentage/ slabs/ conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013 and the rules made there under.
- iv. To provide to Key Managerial Personnel and Senior Management reward linked directly to

their effort, performance, dedication and achievement relating to the Company's operations.

- v. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- vi. To devise a policy on Board diversity.
- vii. To develop a succession plan for the Board and to review the plan on yearly basis
- viii. The remuneration / compensation / commission etc. to the whole-time Director, Key Managerial Personnel, Senior Management Personnel and other employees will be determined by the Committee and recommended to the Board for approval.
- ix. Increments to the existing remuneration / compensation structure of the Senior Management Personnel and other employees including the Functional Heads will be jointly decided by the Chairman and MD and Head- Human resources.

These objectives are achieved by following a well-defined hiring strategy and compensation program that links performance, efforts and achievements of Directors, KMP and other employees to the Company's goals and long-term objectives. The compensation structure is merit-based, market-led and benchmarked against industry standards.

## 9. Letter of Appointment

Letter of appointment shall be issued by the Company to each Independent Director, KMP and Senior Management Personnel based on the recommendations of the NRC on the basis of the guidelines for the same under the Companies Act, 2013 and this Policy and shall be accepted and signed by the concerned person.

## 10. General Criteria

- i. The Committee while making its recommendation to the Board for appointment of any Directors including Independent Directors, KMP and Other Senior Management Personnel will give due regards and following criteria needs to be Considered:
  - Qualification, expertise and experience in their respective fields such as information technology business, scientific research and development, international markets, leadership, risk management and strategic planning etc.
  - Personal characteristics which align with the Company's values, such as integrity, accountability, financial literacy, high performance standards, etc.
  - Diversity of thought, experience, knowledge, perspective and gender in the Board.
  - Such other criteria as prescribed in the Corporate Governance Guidelines of the Company or prescribed by the Board from time to time.
- ii. The Whole-time Directors, KMP and Senior Management personnel and other employees are subject to retirement and removal as per the applicable provisions of Companies Act, 2013 and the SEBI Listing Regulations and the prevailing retirement policy of the Company and the Company's Code of Conduct.
- iii. 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.

- iv. The Committee shall ensure that an appropriate induction and training and familiarization program is in place for new Directors, KMPs and Senior Management Personnel after their appointment.
- v. The Committee shall make 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.
- vi. The Committee shall recommend any necessary changes to the Board.

## **11. Appointment of Independent Directors**

While evaluating a person for appointment /re-appointment as an Independent Director, the Committee shall ensure that the proposed candidate satisfies the following additional criteria:

- i. Meet the baseline definition and criteria of "independence" as set out in section 149 of the Companies Act, 2013, the Listing Regulations and other applicable laws:
  - Should not hold any Board / employment position with a competitor in the geographies where the Company is operating. However, the Board may in special circumstances waive this requirement.
  - Does not hold independent directorship in more than six listed entities.
  - Does not hold directorship in more than three listed entities if serving as a whole time director in any listed entity.
- ii. Independence of Directors is decided on the basis of criteria provided under the relevant provisions of the Companies Act, 2013, read with rules made thereunder, and any modification/amendments done from time to time and as envisaged under SEBI Listing Regulations. A declaration of independence is taken from the Independent Directors at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an Independent Director. An Independent Director shall be under the obligation to inform the Board of Directors of any change in circumstances which may affect his/her independence.
- iii. The re-appointment / extension of term of the Director shall be on the basis of their performance evaluation report.

## **12. Appointment of Managing Director/Whole-time Director**

The Board based on the recommendation of the Committee shall be responsible for identifying suitable candidate for the position of Chairman, Managing Director/Whole-time Director.

The terms and conditions of the appointment shall be in accordance with the provisions of applicable law.

## **13. Remuneration Structure**

The remuneration structure would normally depend upon the roles and responsibilities as well as the prevailing market practices. In normal circumstances, the remuneration of an individual shall be divided between fixed and variable components as required under the provisions of the Companies Act, 2013 and as envisaged in SEBI Listing Regulations :

- i. Base Compensation (fixed salaries): This component of salary is competitive and reflective

of the individual's role, responsibility and experience in relation to performance of day -to-day activities, usually reviewed on an annual basis. The base Compensation includes salary, allowances and other statutory/non-statutory benefits which are normal part of remuneration package in line with market practices;

- ii. Variable salary: A relevant part of remuneration is payable as variable salary linked to corporate and individual performance, fulfilment of specified improvement targets or the attainment of certain financial or other objectives set in this regard;
- iii. Any other component/benefits as may be recommended by the management and approved by the Committee;
- iv. Stock Options in accordance applicable laws.

### **Remuneration to Whole-time/ Managing Director, Key Managerial Personnel and Senior Management Personnel**

- i. **Fixed pay** - The Managing Director and/or Whole-time Director, Key Managerial Personnel and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee and the shareholders, wherever applicable. The breakup of the pay scale and quantum of perquisites including, employer's contribution towards provident fund, pension scheme, medical expenses, club fees and other perquisites shall be decided and approved by the Board on the recommendation of the Committee.
- ii. **Minimum Remuneration** - If in any financial year, the Company has no profits or its profits are inadequate, it shall pay remuneration to its Managing Director and/or Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if the Company is not able to comply with such provisions, previous approval of the Central Government shall be required to be obtained.
- iii. In determining the remuneration of Whole-time/ Managing Director, Key Managerial Personnel and Senior Management Personnel, the following criteria needs to be Considered:
  - Company's performance vis-à-vis the annual achievement, individuals' performance vis-à-vis key result areas/ key performance indicators, industry benchmark and current compensation trends in the market;
  - The balance between fixed and variable pay reflecting short- and long-term performance objectives, appropriate to the working of the Company and its goals;
  - Alignment of remuneration of KMP and Directors with long-term interests of the Company;
  - Independent Directors and Directors forming part of the Promoter and Promoter Group shall not be entitled to receive stock options.

### **Remuneration to Independent Directors**

- i. Sitting fees for each attending meetings of the Board or Committee(s) within the overall limits prescribed under the Companies Act.
- ii. The Independent Directors shall be eligible for a commission based on profit on a pro-rata basis based on various factors/attributes as may be determined by the from time to time.
- iii. Reimbursement of whole or part of the expenses for participation in Board/Committee meetings as decided by the Board of director.
- iv. While designing the remuneration package, efforts are to be made to ensure that the remuneration matches the level in comparable companies, whilst also taking into

consideration their required competencies, qualifications, industry experience, effort required and the scope of the work.

## 14. Retirement and Removal

- i. The Director, Key Managerial Personnel and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 along with the rules made there under and the prevailing policy of the Company. The Board will have the discretion to retain any Director, Key Managerial Personnel, Senior Management Personnel or other person in senior management position, even after attaining the retirement age, for the benefit of the Company.
- ii. Due to reasons for any disqualification mentioned in the Companies Act, 2013 and rules made there under or under any other applicable law, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, Key Managerial Personnel and Senior Management Personnel or other person in senior management position, subject to the provisions and compliance of the Companies Act, 2013 and other applicable law.

## 15. Evaluation Mechanism

The Committee shall undergo an annual self-evaluation of its performance and report the result to the Board. Indicative areas for evaluation as part of this exercise include:

- Mandate and composition of the committee
- Effectiveness of the committee
- Structure of the committee and meetings
- Independence of the committee from the Board
- Contribution to decisions of the Board

The Committee shall also evaluate the balance of knowledge, skill, professional & functional expertise, industry orientation, gender, age etc. on the Board and, in the light of this evaluation, prepare and recommend to the Board, a description of the role and capabilities required for a particular appointment.

## 16. Minutes of Meetings

Proceedings of all meetings must be recorded as minutes and signed by the chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

## 17. Reporting and Disclosure

The Committee will periodically report to the Board on various matters that it has considered.

In the matters where the Board does not accept any recommendation of the Committee, which is mandatorily required to be approved by the Board, the fact of the same to be disclosed in the Corporate Governance Report of the relevant financial year, along with reasons thereof.

This Policy shall be disclosed in the Company's annual report.

## 18. Interpretation

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and rules prescribed therein, as may be amended from time to time, the SEBI Listing Regulations or any other statutory enactments or rules as may be applicable and per the Listing Agreement with Stock Exchange(s) as may be amended from time to time, shall have the meaning respectively assigned to them therein.

## 19. Review of Policy

- i. This Policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder and the requirements of Listing Regulations.
- ii. In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the Policy inconsistent with the Companies Act, 2013 or regulations, then the provisions of the Companies Act, 2013 or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.
- iii. This policy shall be reviewed by the Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification to the policy as recommended by the Committee would be placed before the Board of Directors for their approval.

The Committee as and when required shall assess the adequacy of this policy and make any necessary or desirable amendments to ensure it remains consistent with the Board's objectives, current law and best practice.