

B R D MOTORS LIMITED

NOMINATION AND REMUNERATION POLICY

INTRODUCTION

The Company's Board has constituted a Nomination and Remuneration Committee (the "Committee") consisting of three or more non-executive directors out of which not less than one-half are independent directors and the Chairman of the said Committee is an independent director. The Company, taking forward its compliance with the regulatory requirements has formulated a Nomination and Remuneration Policy (the "Policy") pursuant to the requirements of Section 178 of the Companies Act, 2013 read along with rules framed thereunder, as amended from time to time (the "Act").

The Policy has been formulated by the Company and the same was recommended for approval of the Board. The Board has approved the Policy in its meeting held on 26th August, 2023.

OBJECTIVES

- ❖ To assist Nomination and Remuneration Committee (NRC) in identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its Committees and individual directors to be carried out by the Board or the Nomination & Remuneration Committee and review its implementation and compliance;
- ❖ 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 for the directors, key managerial personnel and other Senior Management;
- ❖ To ensure that 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;
- ❖ 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 and recommend to the Board, all remuneration, in whatever form, payable to senior management;
- ❖ To provide for Board diversity;

DEFINITIONS

1. "Act" means the Companies Act, 2013 and rules framed thereunder, as amended from time to time.
2. "Board" means the Board of Directors of the Company.
3. "Committee" means the Nomination and Remuneration Committee.
4. "Company" means B R D Motors Limited.
5. "Directors" mean members of the Board.
6. "Key Managerial Personnel" or "KMP" means;
 - The Chief Executive Officer or the Managing Director or the Manager;
 - The Whole-time Director;
 - The Chief Financial Officer;
 - The Company Secretary
7. "Senior Management" mean personnel of the company who are members of its core management team excluding Board of Directors and normally this 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), including General Managers and Functional Heads and shall specifically include Company Secretary and Chief Financial Officer.
8. "Other Employees" means employees of the Company as may be identified by the Nomination and Remuneration Committee for purpose of this policy.
9. "Independent Directors" means a director referred to in Section 149 (6) of the Act.

COMMITTEE

The Nomination and Remuneration Committee

1. The Committee shall comprise of at least three non-executive directors, of which not less than one-half shall be independent directors;
2. The company secretary of the Company shall act as secretary to the Committee;
3. Terms of reference of the Committee shall be continued unless terminated by the Board;
4. The Chairperson of the Committee shall be an Independent Director;
5. Chairperson of the Company may be appointed as a member of the Committee but shall not chair such Committee;
6. In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson other than chairperson of the Company;
7. Chairperson of the Committee meeting may be present at the annual general meeting of the Company or may nominate some other member to answer the shareholders queries;

8. The meeting of the Committee shall be held atleast once in a year and at such regular intervals as may be required under law.
9. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.
10. The Committee shall make regular reports to the Board regarding its actions and make recommendations to the Board as appropriate.
11. The Committee shall prepare such reports as may be required by any law, rule or regulation to which the Company is subject.

ROLES AND RESPONSIBILITIES OF THE COMMITTEE

- ❖ To guide the Board in relation to the appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- ❖ To evaluate the performance of members of the Board and provide necessary report to the Board for further evaluation.
- ❖ To attract, retain and motivate the Senior Management including its Key Managerial Personnel, evaluation of their performance and provide necessary report to the Board for further evaluation.
- ❖ The relationship of remuneration with performance is clear and meets appropriate performance benchmarks.
- ❖ To recommend the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- ❖ To promote and develop a high performance work force in line with the Company strategy.
- ❖ To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Director (Executive & Non- Executive/ Independent/Nominee) and persons who may be appointed in Senior Management, Key Managerial Personnel and determine their remuneration.
- ❖ To determine the remuneration based on the Company's size and financial position and practices in the industry

APPOINTMENT OF DIRECTORS, KMP AND SENIOR MANAGEMENT

- a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director in accordance with the criteria laid/Board Skill Matrix and recommend to the Board his/her appointment.

Appointment and Remuneration of KMP or Senior Management Personnel is in accordance with the Policy of the Company as approved by the Committee. The Company is committed to acquire, develop and retain a pool of high caliber talent, establish systems and practices for maintaining transparency, fairness and equity and provides for payment of competitive pay packages matching industry standards.

However, the above criteria shall not apply to the following case:

where an existing officer of the Company working in the same department is promoted to the position of the Sr. Management (other than Whole time Director or Executive Director or any position qualifying as Key Management) Provided that the officer who is being promoted has been in employment with the Company or Group Company for at least one year.

- b. The Company shall not appoint or continue the employment of any person as Director, who has attained the retirement age unless approved by the Board/shareholders pursuant to the requirement of the Act.

TERM/TENURE

a. Executive Directors

The Company shall appoint or re-appoint any person as its 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, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to be come an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed or be associated with the Company in any other capacity, either directly or indirectly.
- At the time of appointment or re-appointment of Independent Director, compliance with requirements laid under the Act for meeting independence criteria, directorship in listed entities and performance evaluation, shall be ensured.

REMOVAL

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, 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.

RETIREMENT

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

REMUNERATION

- The remuneration/ compensation/ commission etc. to the Executive Director 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.
- The remuneration and commission to be paid to the Executive Director shall be in accordance with the percentage/ limits/ conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.
- Increments to the existing remuneration/ compensation structure in the case of Executive Director may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders and in accordance with the provisions of Schedule V of the Companies Act, 2013.
- Where any insurance is taken by the Company or its Holding Company on behalf of the Company's Executive Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees 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.
- Remuneration of other KMP or Senior Management Personnel shall be as per the policy of the Company as duly approved by the Committee.
- Reimbursement of Expenses: The Directors would be entitled to reimbursement of expenses incurred for attending the Board/ Committee meetings and other meetings.

TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS

The Terms and Conditions of the appointment of Independent Directors, which shall, in any event be subject to the provisions of the Companies Act, 2013 (“Act”), and the Articles of Association of the Company, are set out below.

Terms of Appointment:

1. The appointment will be for the period mentioned against their respective names (“Term”) which shall not be less than 5 (five) consecutive years.
2. In compliance with provision Section 149(13) of the Companies Act, 2013, Independent Directors are not liable to retire by rotation.
3. Re-appointment at the end of the Term for another term of 5 (five) years shall be based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Board and the shareholders. The re-appointment would be considered by the Board based on the outcome of the performance evaluation process and the Directors continuing to meet the independence criteria.
4. The Independent Directors may be requested to be a member / Chairman of any one or more Committees of the Board which may be constituted from time to time.
5. The appointment may be terminated in accordance with the provisions of the Articles of Association of the Company or on failure to meet the parameters of independence as defined in Section 149(6) or on the occurrence of any event as defined in section 167 of the Companies Act, 2013. Upon termination or upon resignation for any reason, duly intimated to the Company, Resignation or removal:
 - a) The resignation or removal of an Independent Director shall be in the same manner as is provided in sections 168 and 169 of the Act.
 - b) An independent Director who resigns or is removed from the Board of the Company shall be replaced by a new Independent Director within a period of not more than 3 (three) months from the date of such resignation or removal, as the case may be.
 - c) Where the company fulfils the requirement of Independent Directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new Independent Director shall not apply.

Role, Duties and responsibilities:

1. As members of the Board, they along with the other Directors will be collectively responsible for meeting the objectives of the Board which include:

2. Requirements under the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013,
3. Accountability under the Director's Responsibility Statement.
4. The role and duties of Independent Directors will be those normally required of a Non-Executive Independent Director under the Companies Act, 2013. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and are as under:
 - a) They shall act in accordance with the Company's Articles of Association.
 - b) They shall act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interest of the Company.
 - c) They shall discharge their duties with due and reasonable care, skill and diligence.
 - d) They shall not involve themselves in a situation in which they may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
 - e) They shall not achieve or attempt to achieve any undue gain or advantage either to themselves or to their relatives, partners or associates. In addition to the above requirements, the Board of Directors also expect Independent Directors to perform the following functions:
 - Constructively challenge and help develop proposals on strategy for growth of the Company.
 - Evaluate the performance of management in meeting agreed goals and objectives.
 - Satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are effective and defensible.
 - Take responsibility for the processes for accurately reporting on performance and the financial position of the Company.
 - Keep Governance and Compliance with the applicable legislation and regulations under review and the conformity of Company's practices to accepted norms.

Time commitment:

Considering the nature of the role of an Independent Director, it is difficult for a Company to lay down specific parameters on time commitment. They agree to devote such time as is prudent and necessary for the proper performance of their roles, duties and responsibilities as Independent Directors.

Remuneration:

As Independent Directors, they shall be paid sitting fees for attending the meetings of the Board and the Committees, as may be applicable, of which they are members. The sitting fees for attending each meeting of the Board and its Committees would be as determined by the Board from time to time.

In addition to the sitting fees, commission that may be determined by the Board may also be payable to Independent Directors. In determining the amount of this commission, the Board, supported by the Nomination and Remuneration Committee, may consider the performance of the Company and their performance as evaluated by the Board. Further, the Company may pay or reimburse to the Director such expenditure, as may have been incurred while performing their role as an Independent Director of the Company. This could include reimbursement of expenditure incurred for accommodation, travel and any out of pocket expenses for attending Board/ Committee meetings, General Meetings, subject to the expense being reasonable.

Independent Professional Advice:

There may be occasions when Independent Directors consider that they need professional advice in furtherance of their duties as Director and it will be appropriate for them to consult independent advisers at the Company's expense. The Company will reimburse full cost of expenditure incurred in accordance with the Company's policy.

Training and Development:

The Company may, if required, conduct formal training program for its Independent Directors. The Company may, as may be required, support Directors to continually update their skills and knowledge and improve their familiarity with the Company and its business. The Company will fund/arrange for training on all matters which are common to the whole Board.

Performance Appraisal / Evaluation Process:

As members of the Board, their performance as well as the performance of the entire Board and its Committees will be evaluated annually. Evaluation of each Director shall be done by all the other Directors. The evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board / Committee.

Disclosure of Interest:

1. Independent Directors agree to promptly notify the Company of any change in their directorships, Committee Memberships, Shareholdings in any company or companies or bodies corporate, firms or other association of individuals and provide such other disclosures and information as may be required under the applicable laws in prescribed format. They also agree that upon becoming aware of any potential conflict of interest with their position as Independent Directors of the Company, they shall promptly disclose the same to the Compliance Officer.

2. Independent Directors agree to promptly provide a declaration under Section 149(7) of the Companies Act, 2013 conforming that they meet the criteria of independence as provided in Section 149(6) of the Act and disclosure of interest under Section 184(1) of the Act, at the first meeting of the Board in every financial year or whenever there is any change in circumstances which may affect your status as an Independent Director, at the first meeting of the Board after such change.
3. Independent Directors shall promptly intimate the Compliance Officer and the Registrar of Companies in the prescribed manner, of any change in address or other contact and personal details provided to the Company.

Code of Conduct

Independent Directors are required to comply with relevant regulations as contained in Schedule IV under Companies Act, 2013, including the following codes of conduct of the Company:

- Code of Conduct for Board of Directors and Senior Management,
- Code For Regulation and Prohibition of Insider Trading
- Policy for determine of legitimate purpose.
- Whistle Blower Protection Policy Vigil Mechanism
- And such other requirements as the Board of Directors may from time to time specify.

Related Party Transactions:

Independent Directors are required to notify to the Audit Committee and the Board of Directors, any transaction with a related party, as defined in the Act, Accounting Standards, or such other regulations as may be amended from time to time.

Confidentiality:

1. All information acquired during appointment is confidential to the Company and shall not be released, either during appointment or following termination (by whatever means) to third parties without prior clearance from the Company unless required by law or by the rules of any stock exchange or regulatory body. On reasonable request, Independent Directors shall surrender any documents and other materials information made available to them by the Company.
2. Attention is also drawn to the requirements under the applicable regulations and the Company's Insider Trading Code which concern the disclosure of unpublished price sensitive information and dealing in the securities of the Company. Consequently, Independent Directors should avoid making any statements or performing any transactions that might risk a breach of these requirements without prior clearance from the Compliance Officer.

Separate meetings:

1. The Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of Non-Independent Directors and members of management;
2. All the Independent Directors of the Company shall strive to be present at such meeting;
3. The meeting shall:
 - a) review the performance of Non-Independent Directors and the Board as a whole;
 - b) review the performance of the Chairman of the Company, if any taking into account the views of Executive Directors and Non-Executive Directors;
 - c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Note: These are the general Terms & Conditions of appointment of Independent Directors which are subject to modification / amendment.

IMPLEMENTATION

The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this Policy as considered appropriate. The Committee may delegate any of its powers to one or more of its members. This Policy shall be reviewed by the Committee as and when any notification or amendments are notified by the regulatory authorities affecting the policy formed hereinabove. Any changes or modifications in the Policy as recommended by the Committee would be submitted for approval of the Board. The Policy shall be effective from the date of approval by the Board, unless specified otherwise.

DISSEMINATION OF POLICY

This Policy shall also be posted on the website of the Company and the details of this Policy, including the evaluation criteria, shall be mentioned in the Board's Report.

AMENDMENT(S)

The Board may review or amend this Policy, in whole or in part, from time to time, after taking into account the recommendations from the Committee.