

NOMINATION AND REMUNERATION POLICY

PREAMBLE

Pursuant to Section 178 of the Companies Act, 2013 and the Rules framed thereunder (as amended from time to time) (the “**Act**”) and Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) (the “**Listing Regulations**”), the Board of Directors of every listed company is required to constitute the Nomination and Remuneration Committee.

1. OBJECTIVE

In order to comply with the requirements of Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations and any other applicable provisions, the Nomination and Remuneration Committee of the Board of Directors of the Company (the “**Committee**”) had formulated this Policy (the “**Policy**”) and it has been approved by the Board of Directors. The Objective of this Policy is to lay down a framework in relation to the nomination and remuneration of Directors, KMP, Senior management personnel and other employees.

The Key Objectives of the Committee would be:

- 1.1. To Ensure Compliance with Section 178 of the Act and provisions of SEBI Listing Regulations;
- 1.2. To Guide the Board in relation to Appointment, Removal and changes in Directors, Key Managerial Personnel and Senior Management;
- 1.3. Level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully, to ensure long term sustainability of talented managerial persons and create competitive advantage;
- 1.4. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- 1.5. 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;

- 1.6. To Ensure a Transparent Nomination Process for Directors with the diversity of thought, experience, knowledge, perspective and gender in the Board;
- 1.7. To fulfill the Company's Objectives and Goals, including in relation to Good Corporate Governance, Transparency and Sustained Long-Term Value Creation for its Stakeholders

2. DEFINITIONS

- 2.1 “**Act**” means the Companies Act, 2013 and Rules framed there under, as amended from time to time.
- 2.2 “**Listing Regulations**” shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- 2.3 “**Policy**” means this “**Nomination and Remuneration Policy**”.
- 2.4 “**Board**” means Board of Directors of the Company.
- 2.5 “**Company**” means “**Bharat Bijlee Limited**”.
- 2.6 “**Director**” means Directors of the Company other than Independent Directors and Executive Directors.
- 2.7 “**Executive Director**” means the Managing Director, Whole-time Director, as the case may be and includes Directors who are in the full time employment of the Company.
- 2.8 “**Independent Director**” means a Director referred to in Section 149 (6) of the Act, read with the Listing Regulations.
- 2.9 “**Key Managerial Personnel**” or “**KMP**” means:

In relation to a Company as defined sub-section 51 of Section 2 of the Act, means and includes:

- (i) the Chief Executive Officer or the Managing Director or the Manager;
- (ii) the Company Secretary;
- (iii) the Whole-Time Director;
- (iv) the Chief Financial Officer;

- (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as Key Managerial Personnel by the Board; and
- (vi) such other officer as may be prescribed.

2.10 “**Senior Management**” 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, viz., Company Secretary, Chief Financial Officer and Heads / Vice President(s).

2.11 “**Nomination & Remuneration Committee**” or “**NRC**” or “**the Committee**” means the “**Committee**” of the Board constituted or reconstituted, as the case may be, in accordance with Section 178 of the Act and the Listing Regulations.

2.12 “**Stock Exchange**” shall mean a Recognised Stock Exchange on which the Securities of the Company are Listed.

The words and expressions used in this Policy not defined herein above will have the same meaning as defined in the Act and Listing Regulations.

3. **CONSTITUTION :**

The Board has the power to constitute / reconstitute the NRC from time to time in order to make it consistent with Company’s policies and applicable statutory requirements.

The Board of Directors of the Company constituted the Committee to be known as the Nomination and Remuneration Committee .The Composition of the NRC shall be in line with the requirements of the Act and Listing Regulations, which is as follows:

- The Committee shall comprise at least three (3) Directors;
- All Directors of the Committee shall be Non-Executive Directors, out of which not less than one-half are Independent Directors;
- The Chairman of the Committee shall be an Independent Director; (provided, the Chairperson of the Company, whether executive or non-executive, may be appointed as a Member of the NRC but shall not chair such Committee.)

- In the absence of the Chairperson, the Members of the Committee present at the Meeting shall choose one amongst them to act as Chairperson;
- The Company Secretary of the Company shall act as Secretary of the Committee.
- Membership of the Committee shall be disclosed in the Annual Report. The terms of the Committee shall continue unless terminated by the Board of Directors.

4. QUORUM:

The quorum for a Meeting of the Nomination and Remuneration Committee shall be either two (2) Members or one third (1/3rd) of the Members of the Committee, whichever is greater, including at least one (1) Independent Director in attendance.

5. FREQUENCY OF THE COMMITTEE MEETINGS:

- 5.1 The Nomination and Remuneration Committee shall meet at least once in a year;
- 5.2 The Chairman of the Committee or in his absence any other Member of the Committee authorized by him on his behalf shall attend the Annual General Meeting of the Company.

6. COMMITTEE MEMBERS' INTEREST:

A Member of the Committee is not entitled to participate in the discussions when his / her own Remuneration is discussed at a Meeting or when his / Her performance is being evaluated.

7. ROLE OF THE NRC:

- 7.1 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 other Employees;
- 7.2 To Formulate the Criteria for effective Evaluation of Performance of Board, its Committees, Individual Directors as well as Independent Directors, to be carried out by the Board, review its implementation and compliance and provide necessary Report to the Board;

- 7.3 To Devise a Policy of Diversity of Board of Directors;
- 7.4 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 of Directors, their appointment and removal;
- 7.5 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;
- 7.6 Recommend to the Board on Remuneration payable to the Directors and Key Managerial Personnel;
- 7.7 Recommend to the Board, all remuneration, in whatever form, payable to Senior Management;
- 7.8 To develop a Succession Plan for the Board and to regularly review the plan;
- 7.9 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.

8. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT:

8.1 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 Managing Director / Whole-time Director who has attained the age of seventy (70) years. Provided that the term of the person holding this position may be extended beyond the age of seventy (70) years with the approval of Shareholders of the Company 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;

- d) 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 (75) years unless a Special Resolution is passed increasing the age beyond (75) . In which case the Explanatory Statement annexed to the notice for such motion shall indicate the justification for appointing such a person.

8.2 **Term / Tenure:**

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

- The Board shall appoint or re-appoint any person as its Chairman (Executive / Non-Executive), Managing Director or Whole-time Director for a term not exceeding five (5) years at a time. No re-appointment shall be made earlier than one year before the expiry of Term;
- any person who is serving as a Whole-time Director / Managing Director in any Listed Entity shall serve as an Independent Director in not more than three (3) listed entities

b) **Independent Director:**

- An Independent Director shall hold office for a term up to five (5) 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 up to 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 (3) 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 seven (7) listed companies as an Independent Director or such other number as may be prescribed under the Act / Listing Regulations.

8.3 Evaluation:

In line with Section 178(2) of the Act, it was unanimously approved by the Nomination & Remuneration Committee in its Meeting held on January 24, 2019, that from the financial year 2018-2019 onwards, only the Board should carry out the Annual Performance Evaluation process of :

- Board as a Whole;
- Various Committees of the Board ; and
- Individual Directors

Independent Directors shall continue the process of Annual Performance Evaluation of Non-Independent Directors, Board and Chairman of the Company, in their separate Meeting, to be held once in a year.

8.4 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.

8.5 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.

9. POLICY FOR REMUNERATION TO DIRECTORS / KMP / SENIOR MANAGEMENT PERSONNEL:

9.1 Remuneration to Whole-time / Executive / Managing Director / KMP and Senior Management:

The Remuneration / Compensation/ Commission etc. to be paid to Whole-time Director / Managing Director / KMP and Senior Management, shall be governed as per provisions of the Companies Act, 2013 and rules made there under, Listing Regulations or any other enactment for the time being in force.

9.1.1 **Fixed pay:**

The Whole-time Director / Managing Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including employer's contribution to PF, 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 and Central Government, wherever required.

9.1.2 **Minimum Remuneration:**

If, in any Financial Year, the Company has no profits or its profits are inadequate or incurs loss, the Company shall pay Remuneration, i.e., Salary, Perquisites Allowances, Reimbursements, Stock Options, Retirement Benefits, variable pay etc., including any increments and variable pay as may be approved by the Nomination and Remuneration Committee / Board of Directors, from time to time, to its Managing Director / Whole-time Director, during their respective tenure. The overall remuneration to the Managing / Whole-time Directors shall be governed by the provisions of the Act, Listing Regulations or any other enactment for the time being in force. The remuneration shall take into account the Company's Standalone and Consolidated performance, the contribution of the Executive Directors for the same, remuneration trends in general, meeting of appropriate benchmarks.

9.1.3 **Provision for excess Remuneration:**

If any Managing Director / Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limit prescribed under the Act, 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 Central Government.

9.1.4 Increments to the existing remuneration structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managing Director / Whole-time Director.

9.2 **Remuneration to Non-Executive / Independent Director:**

- The Non-Executive / Independent Director may receive remuneration / compensation / commission as per the provisions of the Act and Rules made thereunder;
- The Non- Executive / Independent Director may receive remuneration by way of Sitting Fees for attending Meetings of the Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Act, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time;
- Remuneration/ Commission may be paid within the monetary limit approved by Shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act;
- If a Company has no profits or its profits are inadequate, an Independent Director may receive remuneration, exclusive of any fees payable under sub-section (5) of section 197, in accordance with the provisions of Schedule V of the Act.

9.3 Where any insurance is taken by the Company on behalf of its Whole-time 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 insurances 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.

10. **DUTIES IN RELATION TO NOMINATION MATTERS:**

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

1. Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
2. Ensuring that on appointment to the Board, Non-Executive Directors receive a Formal Letter of appointment in accordance with the Guidelines provided under the Act;
3. Identifying and recommending Directors who are to be put forward for retirement by rotation;
4. Determining the appropriate size, diversity and composition of the Board;

5. 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;
6. Delegating any of its powers to one or more of its members or the Secretary of the Committee;
7. Recommend any necessary changes to the Board; and
8. Considering any other matters, as may be requested by the Board.

11. DUTIES IN RELATION TO REMUNERATION MATTERS:

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

- Considering and determining 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.
- Approving the Remuneration of the Senior Management including Key Managerial Personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee.
- Considering any other matters as may be requested by the Board.

12. MINUTES OF COMMITTEE MEETINGS:

The Company Secretary shall record the proceedings of the Meetings of the Committee and circulate the draft to the Members of the Committee within 15 days. The Minutes recorded in the Minute Book, shall be signed by the Chairman of the respective Meeting or the Chairman of the next Committee Meeting.

13. REVIEW AND AMENDMENT:

- The NRC or the Board may review the Policy as and when it deems necessary;
- The NRC may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary;
- This Policy may be amended or substituted by the NRC or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the Policy

14. SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and the Listing Regulations / the Act or any other statutory enactments, rules, the provisions of such Listing Regulations / the Act, statutory enactments, rules shall prevail over this Policy.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities are not consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions herein above.
