

National Commodity Clearing Limited

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Nomination & Remuneration Policy

Document Management Information

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6.0	February 7, 2025	Company Secretary	Changes as per regulatory requirements
7.0	September 1, 2025	HR & Company Secretary	Changes as per regulatory requirements

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1.	New Document	May 17, 2018	1.0	Company Secretary	Board
2	Changes as per regulatory requirements	May 14, 2019	2.0	Company Secretary	Board
3.	Changes as per regulatory requirements	February 3, 2022	3.0	Company Secretary	Board

4.	Changes as per regulatory requirements	August 8, 2023	4.0	Company Secretary	Board
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6.	Changes as per regulatory requirements	February 7, 2025	6.0	Company Secretary	Board
7.	Changes as per regulatory requirements	September 1, 2025	7.0	HR & Company Secretary	Board

Note:

1. **POL – Policy**
2. **PRO – Standard Operating Procedure / Procedure**

NOMINATION AND REMUNERATION POLICY

1. Preamble:

As per Section 178 of the Companies Act, 2013 (“the Act”) read with rule 6 of the Companies (Meetings of the Board and its Powers) Rules 2014, National Commodity Clearing Limited (‘the Company’) is required to constitute a “Nomination & Remuneration Committee” consisting of three or more non-executive directors out of which not less than one-half shall be independent directors. Pursuant to the provisions of Regulation 19 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), the Company is required to constitute a “Nomination & Remuneration Committee” consisting of three or more non-executive directors out of which not less than two-third shall be independent directors. Further, as per Regulation 29 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulation, 2018 (“SECC Regulations”) read with SEBI circular dated June 25, 2024 on “Statutory Committees at Market Infrastructure Institutions”, the Company is required to constitute a Nomination & Remuneration Committee which may include Non-independent Directors (other than Executive Director and Managing Director), Independent External Professionals along with Public Interest Directors. . However, Independent External Professionals may be part of the Nomination & Remuneration Committee for the limited purpose of recommendation relating to selection of Managing Director; wherein the total number of Public Interest Directors shall not be less than the total number of other members of the Nomination & Remuneration Committee (including Independent External Professionals) put together.

In view of the above Act and Regulations, the Company has constituted the “Nomination & Remuneration Committee” which presently comprises of three public interest directors.

Sub section (3) of Section 178 of the Act requires the Nomination and Remuneration Committee to, inter-alia, recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees. Further, Regulation 27 (2) of SECC Regulations provides that Nomination & Remuneration Committee shall determine the compensation of key management personnel in terms of a compensation policy. Accordingly, a Policy has been drafted in compliance with Section 178 of the Act read along with applicable rules thereto, Regulation 27 of the SECC Regulations and Part D of SEBI Listing Regulations and the same is as follows:

2. **Definitions:**

1. 'Company' means "National Commodity Clearing Limited".
2. 'Board' means Board of Directors of the Company.
3. The 'Directors' means Directors on the Board of the Company.
4. 'Nomination and Remuneration Committee' or 'the Committee' shall mean a Committee of Board of Directors of the Company, constituted or reconstituted in accordance with the provisions of Section 178 of the Companies Act, 2013, Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Regulation 29 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulation, 2018 and the applicable rules / circulars made there under.
5. 'Key Managerial Personnel under Companies Act, 2013' in relation to the Company means the persons specified in section 2(51) of the Companies Act, 2013.
6. 'Key Management Personnel under SECC Regulations' shall include (i) any person appointed as the managing director or executive director; or (ii) a person serving as the head of a department or vertical and directly reporting to the managing director or to the directors on the governing board of the recognised clearing corporation; or (iii) a person serving as the head of a core function as specified under Part – C of Schedule II of these regulations; or (iv) a person who stands higher in hierarchy to the head of any department(s) handling core function(s) in the recognised clearing corporation; or (v) reporting officials of key management personnel; or (vi) any person defined as a 'key managerial personnel under the Companies act, 2013; or (vii) any other person who is a key decision making authority at the level of the recognised clearing corporation or its direct or indirect material subsidiaries, as identified by the managing director or its Nomination and Remuneration Committee. Provided that in case of a subsidiary of a recognised clearing corporation that is regulated by a financial sector regulator; the norms specified by such a regulator may be considered for determining as to whether the person at the subsidiary is designated as a key management personnel.
7. "Policy or This Policy" means, "Nomination and Remuneration Policy."
8. 'Public Interest Director' means an independent director, representing the interests of investors in securities market and who is not having any association, directly or indirectly, which in the opinion of the SEBI, is in conflict with his role.
9. 'Independent Director' shall have the meaning as defined under the Companies Act, 2013 read with relevant rules and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

10. "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.
11. "Senior Management under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015" means officers / personnel of the Company who are members of its core management team excluding Board of Directors and shall also comprise all the 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) and shall specifically include the functional heads, by whatever name called and persons identified and designated as key managerial personnel, other than the board of directors, by the Company. For the purpose of this Policy, the Senior Management shall mean the Key Managerial Personnel under the Companies Act, 2013 and Key Management Personnel under SECC Regulations.
12. "Non-independent director" means a director elected or nominated by the shareholders who are neither trading members nor clearing members, as the case may be, or their associates and agents.

3. **Applicability:**

The Policy shall be applicable to the following:

- Directors (Executive and Non-Executive including Public Interest Directors and Non-independent Directors)
- Key Management Personnel under SECC Regulations
- Key Managerial Personnel under Companies Act, 2013 and other employees of the Company

4. **Objectives:**

- a) To provide guidance in relation to appointment and removal of Directors and Key Managerial Personnel under Companies Act 2013 and Key Management Personnel under SECC Regulations.
- b) To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-executive) and persons who may be appointed as Key Managerial Personnel under Companies Act 2013 and Key Management Person under SECC Regulations and to determine their remuneration.

- c) To lay down criteria for remuneration payable to the Directors, Key Managerial Personnel under Companies Act, 2013, other employees of the Company and determine the remuneration payable to Key Management Personnel under SECC Regulation.

Guiding Principles:

The Policy ensures that:

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, Key Managerial Personnel under Companies Act 2013 and Key Management Person under SECC Regulations 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 under Companies Act 2013 and Key Management Person under SECC Regulations 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
- The process of remuneration management is transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.

5. Interpretation:

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SECC Regulations and Rules made there under as amended from time to time.

6. Appointment and Remuneration Matters:**a) Policy for appointment and removal of Managing Director & Chief Executive Officer:**

- 1.1 The appointment, renewal of appointment of the Managing Director of the Company shall be subject to prior approval of the Nomination & Remuneration Committee, Board, Shareholders and Securities and Exchange Board of India (SEBI). The Managing Director shall be liable for removal or termination of services by the Board of the Company with the prior approval of SEBI for failure to give effect to the directions, guidelines and other orders

issued by SEBI or the rules, the articles of association, bye-laws and regulations of the Company.

Further, SEBI may suo motu remove or terminate the appointment of Managing Director if deemed fit in the interest of securities market. Provided that no Managing Director shall be removed unless he has been given a reasonable opportunity of being heard.

1.2 The Company shall, subject to the guidelines issued by SEBI from time to time, determine the qualification, manner of appointment, terms and conditions of appointment and other procedural formalities associated with the selection/ appointment of the Managing Director.

1.3 The appointment of the Managing Director shall be for a term not exceeding five years. The Nomination & Remuneration Committee of the Company shall be responsible for the selection of the CEO / Managing Director / Executive Director, as the case may be. The Managing Director shall be selected through open advertisement in all editions of at least one national daily from amongst persons qualified in the fields of capital market/ finance/ management and possessing sufficient experience. The Company shall forward the new names to SEBI before two months from the last working day of the existing Managing Director.

Provided that the Company shall conduct the appointment process for appointment of the Managing Director afresh, post completion of the first term.

Provided further that a person may be appointed as the Managing Director by the Company for a maximum period of ten years, subject to a maximum age limit of sixty-five years.

1.4 The Managing Director of the Company shall not—

(a) be a shareholder or an associate of a shareholder of a recognised stock exchange or recognised clearing corporation or shareholder of an associate of a recognised stock exchange or recognised clearing corporation, as the case may be;

(b) be a trading member or a clearing member, or his associate and agent, or shareholder of a trading member or clearing member or shareholder of an associate and agent of a trading member or a clearing member; or

(c) hold any position concurrently in the subsidiary of a recognised stock exchange or a recognised clearing corporation, or in any other entity associated with a recognised stock exchange or a recognised clearing corporation:

Provided that the managing director of a recognised stock exchange may be appointed on the governing board, but not as managing director, of the subsidiary of a recognised stock exchange or a recognised clearing corporation, as the case may be.

The conditions specified under the SECC regulations for appointment of Directors shall be applicable to a person holding position as Managing Director of the Company.

1.5 In case a vacancy of managing director arises due to unforeseen reasons, the Company shall forward the new names to SEBI within 60 days from the date of submission of resignation or such vacation of office.

b) Payment of remuneration to Managing Director & Chief Executive Officer:

1.1. The compensation payable to the Managing Director shall be as approved by SEBI and the terms and conditions of the compensation of the Managing Director shall not be changed without prior approval of SEBI. Further, at the time of seeking approval of SEBI for the appointment of the Managing Director, the Company shall seek approval for the compensation of the Managing Director from SEBI. The Company shall follow the following norms in regard to compensation of Managing Director:

- a. The variable pay component shall be within a range of 25% to 50% of total pay.
- b. 50% of the variable pay shall be paid on a deferred basis after a minimum period of three years.
- c. ESOPs and other equity linked instruments in the Company shall not be offered or provided as part of the compensation for the Managing Director.
- d. The compensation policy shall have malus and clawback arrangements.
- e. Apart from the above, the following shall also be taken into consideration:
 - financial condition / health of the Company,
 - average levels of compensation payable to employees in similar ranks,
 - should not contain any provisions regarding incentives to take excessive risks over the short term,
 - revenues, net profit of the Company,
 - comparable to the industry standards,

- role and responsibilities of the Managing Director,
 - periodic review
- 1.2. The remuneration / compensation / commission etc. will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the approval of the shareholders of the Company and in case the Company is not able to comply with the provisions of Schedule V to the Companies Act 2013, the prior approval of Central Government shall also be obtained, if required.
- 1.3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs/amounts/percentage approved by the Shareholders in the case of Whole-time Director/Managing Director/Manager.
- 1.4. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Personnel in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government, if required.
- 1.5. If any Managerial Personnel draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, 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. The appointment letter or any other similar document should explicitly state these conditions.
- 1.6. Managerial Personnel will not be paid any sitting fees for attending meetings of Board of Directors and any other Committee(s) of Board of Directors.
- c) Positive attributes/eligibility for appointment/removal of Managing Director & Chief Executive Officer:**
- 1.1 The Managing Director / Chief Executive of the *Company* should be a person of high caliber, integrity and expertise and should have sufficient authority to manage the affairs of the Company.

- 1.2 The person to be appointed as Managing Director / Chief Executive of the Company should satisfy the criteria of "fit and proper person" as prescribed by SEBI.
- 1.3 SEBI may suo motu remove or terminate the appointment of the Managing Director of the Company if deemed fit in the interest of securities market provided that no Managing Director shall be removed unless he has been given a reasonable opportunity of being heard.
- 1.4 The Managing Director shall be liable for removal or termination of services by the Board of the Company with the prior approval of SEBI for failure to give effect to the directions, guidelines and other orders issued by SEBI, or the rules, the articles of association, bye-laws and regulations of the Company.
- 1.5 The aforesaid provisions shall also be applicable if the Company appoints a Chief Executive Officer who is not a Managing Director.

Appointment criteria and qualifications:

The Board of the Company shall comprise of directors having the requisite qualifications and experience in the areas of capital markets, finance and accountancy, legal and regulatory practice, technology, risk management and management or administration. Provided that the Board of the Company shall comprise of at least one public interest director having the requisite qualifications and experience in the areas of capital markets, finance and accountancy, legal and regulatory practice, and technology. The Company may also appoint directors having qualification and experience in other areas which may be specific to them, provided that the Clearing Corporation shall ensure that the Board collectively comprises of directors with qualifications and experience as specified above.

d) Qualifications for Public Interest Directors appointed by the Company with prior approval of SEBI:

The Company shall ensure that Public Interest Directors are selected from diverse field of work. While deciding to propose a particular person as a Public Interest Director, the Company shall also take into account the following factors:

- a) Requisite qualification and experience in the areas of capital markets, finance and accountancy, legal and regulatory practice, and technology.

- b) At least one person shall be inducted having experience and background in finance / accounts who may preferably be inducted in the audit committee.
- c) Persons currently holding positions of trust and responsibility in reputed organisations or person who have retired from such positions.
- d) Persons who are likely to have interested positions in commercial contracts and financial affairs of Company, may be excluded. Also, persons who are regular traders/ speculators in the market or are director in the board of the promoter entity of the Company, shall be excluded.

For every appointment of an independent director / public interest director, the Nomination and Remuneration Committee shall 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 / public interest director. The person recommended to the Board for appointment as an independent director / public interest director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Nomination and Remuneration Committee may: (a) use the services of an external agencies, if required; (b) consider candidates from a wide range of backgrounds, having due regard to diversity; and (c) consider the time commitments of the candidates.

e) Qualifications for Non-Independent Directors appointed by the Company with prior approval of SEBI:

- Requisite qualifications and experience in the areas of capital markets, finance and accountancy, legal and regulatory practice, technology, risk management and management or administration
- Degree holder in relevant disciplines;
- Experience of management in a diverse organization;
- Excellent interpersonal, communication and representational skills;
- Demonstrable leadership skills;
- Commitment to high standards of ethics and personal integrity;
- Demonstrable ability to work effectively with a Board of Directors
- Extensive team building and management skills
- Strong influencing and negotiating skills

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director and Key Managerial Personnel under the Companies Act, 2013 and Key Management Personnel under SECC Regulations and recommend to the Board his / her appointment. 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 or not for the concerned position.

Additionally, while determining the qualifications and positive attributes for appointment of a person as a director, the Committee shall also in addition to qualification / disqualifications prescribed under the Companies Act, 2013, take into consideration the factors defined by SEBI for a person to be 'Fit and Proper'. The Directors of the Company shall not be associated with any trading member or clearing member of any recognized stock exchange or recognized clearing corporation or any associates and agents of any trading member or clearing member at all times. The Directors of the Company shall abide by the Code of Conduct prescribed under the SECC Regulations.

The independence of a director shall be determined based on the criteria defined from time to time in the Companies Act, 2013, the SEBI Listing Regulations and SECC Regulations.

f) Term /Tenure:

1.1. Managing Director/Whole-time Director/Manager ('Managerial Personnel'):

The Company shall appoint or re-appoint any person as its Managerial personnel 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. Provided that post the completion of the first term, the Company shall conduct the appointment process for the Managerial personnel afresh. A person may be appointed as a Managerial personnel for a maximum period of ten years, subject to a maximum age limit of sixty-five years.

1.2. Public Interest Director:

The Public Interest Directors on the Board of the Company shall be appointed with the prior approval of SEBI. Public Interest Directors shall be appointed for a term of three years,

extendable by another term of three years, subject to the performance review according to the Policy on Performance Review of Public Interest Directors of the Company.

Provided that post the expiry of term(s) at the Company, a Public Interest Director may be appointed with the prior approval of SEBI for a further term of three years in other recognised clearing corporation or recognised stock exchange, or depository, only after a cooling-off period of one year.

Provided further that a person may be appointed as a Public Interest Director for a maximum of three terms across recognised stock exchanges / recognised clearing corporations / depositories, subject to a maximum age limit of seventy years.

The names of Public Interest Directors shall be forwarded to SEBI after the approval of the Board of the Company. The shareholders' approval shall not be necessary. A minimum of two names shall be submitted to SEBI for each vacancy of Public Interest Directors, two months before such vacancy.

In case of reappointment of the Public Interest Director, the Company shall apply to SEBI four months before the expiry of the term. In addition to the other requirements prescribed herein, the application for reappointment of the Public Interest Director shall be accompanied with, their attendance details on meetings of various mandatory committees and on the Board of the Company, performance review and the reasons for extension of term.

The Public Interest Director shall not be subject to retirement by rotation.

The existing Public Interest Director may continue holding the post for a maximum period of three months from the date of expiry of their term or till a new public interest director is appointed, whichever is earlier, only if the Board of the Company does not meet the mandatory regulatory requirements on its composition.

Chairperson of the Company shall be elected by the Board of the Company from amongst Public Interest Directors, subject to the prior approval of SEBI.

1.3 Non-independent Directors:

The appointment and re-appointment of all Non-independent Directors on the Board of the Company shall be with the prior approval of SEBI. The names of persons to be appointed as Non-independent Directors shall first be approved by the Board of Directors, followed by shareholders' approval before submitting the same to SEBI for approval. The approval of shareholders for appointment / re-appointment of Non-independent Directors will be taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier.

The manner of election, appointment, tenure, resignation, vacation, etc. of Non-independent Directors shall be governed by the Companies Act, 2013 save as otherwise specifically provided under the SECC Regulations or in accordance with the Securities Contracts (Regulation) Act, 1956, circulars issued thereunder.

1.4 Key Management Personnel under SECC Regulations:

The tenure of Key Management Personnel under SECC Regulations shall be for a fixed period, as may be decided by the Nomination & Remuneration Committee, after considering factors such as age and experience of the KMP, NCCL requirements, etc. The tenure of the Key Management Personnel can be for a term not exceeding five years. After the expiry of his/her term, the KMP will be eligible for reappointment subject to meeting other eligibility criteria in force at that time. It is clarified that the 'tenure' in this case refers to the period of posting as Key Management Personnel under SECC Regulations in a regulatory department, which shall be for a fixed period.

The terms and conditions (including tenure, if applicable) of appointment of Key Management Personnel under SECC Regulations or Key Managerial Personnel under the Companies Act, 2013 shall be governed by the Appointment letter, Code of Conduct and prevailing HR Policies of the Company and in accordance with the relevant provisions of the Companies Act 2013 / SECC Regulations / SEBI Listing Regulations as applicable. All Key Management Personnel under SECC Regulations shall be Fit and Proper as defined under the SECC Regulations. Key Management Personnel of the Company shall not be associated with any trading member or clearing member of any recognized stock exchange or recognized clearing corporation or any associates and agents of any trading member or

clearing member at all times. Key Management Personnel of the Company shall also abide by the Code of Conduct prescribed under the SECC Regulations. Key Management Personnel of the Company shall not simultaneously be an employee of any other company where the Company has invested. Key Management Personnel of the Company shall not receive any compensation or any other financial benefit from the companies where the Company has invested.

g) Resignation:

Any vacancy in the office of Chief Financial Officer and Compliance Officer (who is a qualified company secretary under the provisions of Regulation 6 of the SEBI Listing Regulations) shall be filled by the Company at the earliest and in any case not later than three months from the date of such vacancy. Provided that the Company shall not fill such vacancy by appointing a person in interim capacity, unless such appointment is made in accordance with the laws applicable in case of a fresh appointment to such office and the obligations under such laws are made applicable to such person.

The Management will communicate to the NRC the information with respect to the resignation of Compliance Officer, Chief Risk Officer, Chief Technology Officer and Chief Information Security Officer and/or any other positions as directed by applicable Regulations. The NRC after discussion with the management of the Company, may choose to meet the concerned KMP to evaluate the reasons for the resignation and submit its recommendations to the Governing Board of the Company to take the final decision.

Mechanism for Cooling-Off Period for KMPs (including the MD&CEO)

All KMPs, at the time of resignation, must disclose (in writing), if they are joining a competing MII as a KMP. In such an event, the need to apply cooling-off period will be evaluated by the management and recommendation will be submitted to the NRC, after considering the validity of applicability and the merits of the case.

In the case of MD & CEO, the requirement of a cooling off period will be evaluated on case-to-case basis and recommended by the NRC to Board for final decision.

Notwithstanding anything contained herein, the provisions with regard to cooling-off period, if any, may be in accordance with the relevant laws, as the case be, in context to this clause.

Cooling-Off Period for Public Interest Directors and Non-Independent Directors:

In the case of Public Interest Directors and Non-Independent Directors, the requirement of a cooling off period will be evaluated on case-to-case basis and recommended by the NRC to Board for final decision.

h) Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director or Key Management Personnel under SECC Regulations or Key Managerial Personnel under the Companies Act, 2013 subject to the provisions and compliance of the said Act, rules and regulations.

i) Retirement:

The Key Management Personnel under SECC Regulations and Key Management Personnel under the Companies Act, 2013 shall retire as per the applicable provisions of the Companies Act, 2013, SECC Regulations and the prevailing HR Policy of the Company. The Board will have the discretion to retain the Key Management Personnel under SECC Regulations and Key Managerial Personnel under the Companies Act, 2013 in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company subject to the applicable provisions of the Companies Act, 2013 and SECC Regulations.

j) Policy relating to remuneration for the Non Executive Directors, Public Interest Directors / Independent Directors and Key Managerial Personnel under Companies Act, 2013 and Key Management Personnel under SECC Regulations:

General:

1. The Nominations & Remuneration Committee shall approve and recommend to the Board individual remuneration packages for Key Managerial Personnel under the Companies Act, 2013 and Key Management Personnel under SECC Regulations of the Company taking into account factors it deems relevant, including but not limited to market, business performance and practices in comparable companies, having due regard to financial and commercial health of the Company as well as prevailing laws and government/other guidelines. The Committee may consult the Chairman of the Board as it deems appropriate.
2. Where any insurance is taken by the Company on behalf of its Whole-time Director, MD, Manager, Chief Executive Officer, Chief Financial Officer, the Company Secretary 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 guilty, the premium paid shall be treated as part of the remuneration.
3. A Director, Committee member or Key Management Personnel of the Company shall not receive any compensation or any other financial benefit from the companies where the Company has invested, other than fees and expenses related to the governing board and committee meetings.

Remuneration to Public Interest Directors / Independent Directors:

Public Interest Directors of the Company shall be paid remuneration by way of sitting fees only for attending the meetings of the Board of Directors and its Committees within the permissible limit prescribed under the Companies Act, 2013, the SEBI Listing Regulations, the SECC Regulations, as amended from time to time. The sitting fees paid to them for attending meetings of Board of Directors or any other Committee(s) of Board of Directors shall be determined by the Board from time to time. Beside the sitting fees they are also entitled to reimbursement of expenses for attending such meeting(s). The Public Interest Directors of the Company shall not be paid any other remuneration or commission. They shall not be entitled to any stock option or any profit related commission.

Remuneration to Non-Executive Directors:

The Non-executive Directors (other than Nominee Directors) of the Company shall be paid remuneration by way of sitting fees only for attending the meetings of the Board of Directors and its Committees within the permissible limit prescribed under the Companies Act, 2013, the SEBI Listing Regulations, the SECC Regulations, as amended from time to time. The sitting fees paid to the Non-executive Directors for attending meetings of Board of Directors and its Committee of Board of Directors shall be determined by the Board from time to time. Beside the sitting fees they are also entitled to reimbursement of expenses. The Non-executive Directors of the Company shall not be paid any other remuneration or commission.

The remuneration payable to the Non-executive Directors, Public Interest Directors may be modified or implemented from time to time with the approval of the Board in due compliance of the provisions of Companies Act, 2013 and rules made there-under and SECC Regulations.

Remuneration to Key Managerial Personnel under the Companies Act, 2013 and Key Management Personnel under SECC Regulations:

The remuneration payable to Key Managerial Personnel under the Companies Act, 2013 shall be decided by the Board at a duly convened meeting on the recommendation of the Committee having regard to their qualification, relevant experience, and knowledge. The remuneration payable to Key Management Personnel under SECC Regulations shall be decided by the Committee and the Board having regard to their qualification, relevant experience, and knowledge and shall follow the following norms in regard to compensation of Key Management Personnel under SECC Regulations:

- a. The variable pay component shall be within a range of 25% to 50% of total pay.
- b. 50% of the variable pay will be paid on a deferred basis after a minimum period of three years.
- c. ESOPs and other equity linked instruments in the Company shall not be offered or provided as part of the compensation for the Key Management Personnel under SECC Regulations.
- d. The compensation policy shall have malus and clawback arrangements.
- e. Apart from the above, the following shall also be taken into consideration:
 - financial condition / health of the Company,
 - average levels of compensation payable to employees in similar ranks,

- should not contain any provisions regarding incentives to take excessive risks over the short term,
- revenues, net profit of the Company,
- comparable to the industry standards,
- role and responsibilities of the key management personnel,
- periodic review

Remuneration of other employees of the Company:

Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs. An employee of the Company shall not simultaneously be an employee of any other company where the Company has invested. An employee of the Company shall not receive any compensation or any other financial benefit from the companies where the Company has invested.

7. Nominees of SEBI on the Board:

SEBI may appoint one or more persons not exceeding three in number, as director(s) on the Board of the Company and such director(s) shall enjoy the same status and power as the other directors of the Board. Such director(s), if any, shall fall within the category of public interest director for the purpose of determining the composition of the Board and its quorum.

8. Evaluation/ Assessment of Directors and KMPs of the Company:

1. The evaluation of Board, Board Committees and Directors shall be as per the Board Evaluation Policy of the Company.
2. The Managing Director & CEO of the Company shall evaluate / assess the performance of the Key Management Personnel under SECC Regulations, based on the defined criteria and recommend their annual increments / performance based incentive, which shall be approved by NRC and Board.

9. SEBI's power to issue directions and levy penalty:

SEBI may take action against the Company, Director, Committee Member, Key Management Personnel, Employee or any other person associated with the Company, for any contravention or abetting the contravention of SECC Regulations, including the Code of Conduct specified under SECC Regulations, the provisions of the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992, any rules or regulations framed thereunder and any circulars or directions issued by SEBI, either upon a reference or suo motu, as it deems fit, including but not limited to any or all of the following:

- (a) debarring the Company from introducing new products and services and restricting its existing activities, products and services.
- (b) imposing such monetary penalty as may be determined by SEBI, on the Company, Directors, Committee Members, Key Management Personnel, Employees or any other person associated with the Company.
- (c) restricting any such person to attend meetings or otherwise participate or involve themselves in the functioning of the Company.

Explanation– For the removal of any doubt, it is clarified that the power of SEBI to take appropriate action under this clause is without prejudice to the exercise of its powers under the provisions of the Securities Contracts (Regulation) Act, 1956, or the Securities and Exchange Board of India Act, 1992 and the rules and regulations made thereunder:

Provided that the SEBI while taking action under clauses (a) and (b) above shall have due regard to the factors, including but not limited to any or all of the following:

- (i) a mala fide intent; or
- (ii) an act of commission or an act of omission; or
- (iii) negligence, or
- (iv) repeated instances of genuine decision making that went wrong.

While adjudging the quantum of monetary penalty under the Securities Contracts (Regulation) Act, 1956, or the Securities and Exchange Board of India Act, 1992, SEBI shall have due regard to the factors, including but not limited to any or all of the following:

- (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

- (b) the amount of loss caused to the Exchange or the securities market as a result of the default; and
- (c) the repetitive nature of the default.

10. Deviations from this Policy:

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

11. Amendments to the Policy:

This Policy may be amended, pursuant to the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Board. The Committee may review this Policy at such interval as it may deem necessary, however the Committee shall review the Policy at least once in every three years and recommend the changes, if any, to this Policy for the approval of the Board and where there is any statutory or regulatory changes necessitating the change in the policy on an urgent basis the requisite approvals of the Committee and the Board may be obtained via circular resolution.

The Committee may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.

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.
