



RACHANA INFRASTRUCTURE LIMITED

NOMINATION AND REMUNERATION POLICY



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Rachana Infrastructure Limited

Policy on Directors' Appointment and Remuneration

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and as per Regulation 19 in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

1. Definitions:

- a. "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;
- b. "Key Managerial Personnel" means:
 - i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
 - ii) Chief Financial Officer;
 - iii) Company Secretary; and
 - iv) such other officer as may be prescribed.
- c. "Senior Managerial Personnel" mean the personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management, of rank equivalent to General Manager and above, including all functional heads.

2. Objective:

The objective of the policy is to ensure that

- the 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; and
- 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.

3. Role of Nomination and Remuneration Committee("NRC")

The role of the NRC will be the following:

- To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- To formulate criteria for evaluation of Independent Directors and the Board.
- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- To carry out evaluation of Director's performance.
- To recommend to the Board the appointment and removal of Directors and Senior Management.
- To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- To devise a policy on Board diversity, composition, size.
- Succession planning for replacing Key Executives and overseeing.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties

4. Appointments

A. NON-EXECUTIVE/INDEPENDENT DIRECTORS:

- **Criteria of selection of Non-Executive and/or Independent Directors**
 - a) The Non-Executive/ Independent Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of finance, taxation, law, governance and general management.
 - b) In case of appointment of Independent Directors, the Nomination and Remuneration Committee (NRC) shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.
 - c) The N&R Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under



Section 164 of the Companies Act, 2013.

- d) The N&R Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.
- i. Qualification, expertise and experience of the Directors in their respective fields;
 - ii. Personal, Professional or business standing
 - iii. Diversity of the Board.
- e) In case of re-appointment of Non-Executive/ Independent Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

- **Remuneration of Non-Executive/Independent Directors**

Non-Executive/ Independent Directors shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him /them, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- **Term of Independent Directors**

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 of upto 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 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 listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

B. EXECUTIVE DIRECTOR AND SENIOR MANAGEMENT:

• **Criteria of selection of Managing Director and Whole Time Director(s)**

For the purpose of selection of the Managing Director and Whole Time Director(s), the N&R Committee shall identify persons of integrity who possess relevant qualification, expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board.

The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

• **Remuneration of Managing Director and Whole Time Director(s)**

- i. At the time of appointment or re-appointment of Managing Director and Whole Time Director(s), the Managing Director and Whole Time Director(s) shall be paid such remuneration as may be decided by N&R Committee and the Board of Directors within the overall limits prescribed under the Companies Act, 2013.
- ii. The remuneration shall be subject to the approval of the Members of the Company in General Meeting.
- iii. The remuneration of the Managing Director and Whole Time Director(s) is broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retirement benefits. The variable component comprises performance bonus.
- iv. In determining the remuneration (including the fixed increment and performance bonus) the N&R Committee shall ensure / consider the following:



- a. the relationship of remuneration and performance benchmark is clear;
- b. balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- c. responsibility required to be shouldered by the Managing Director and Whole Time Directors,
- d. industry benchmarks and the current trends the Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs / KPIs.

- **Term of Non-Executive and/or Independent Directors**

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or 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.

- **Remuneration of Senior Management Employees**

In determining the remuneration of Senior Management Employees i.e. KMPs, the N&R Committee shall ensure / consider the following:

- a. the relationship of remuneration and performance benchmark is clear;
- b. the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- c. the remuneration is divided into two components viz. fixed component and variable component. The fixed component comprises salaries, perquisites and retirement benefits and variable component comprises performance bonus;
- d. the remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individual's performance vis-à-vis KRAs /



KPIs, industry benchmark and current compensation trends in the market.

5. Evolution

The Committee shall carry out evaluation of performance of Director, KMP and Senior Management Personnel yearly or at such intervals as may be considered necessary

6. Removal

The Committee may recommend with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Companies Act, 2013, rules and regulations and the policy of the Company.

7. 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.

8. 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.