

BWDA FINANCE LIMITED (“BFL”)



NOMINATION AND REMUNERATION POLICY

Adopted at the Board meeting dated 09.12.2023

1. PREFACE:

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 as amended from time to time this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors.

2. OBJECTIVES:

The Nomination and Remuneration Committee and this Policy is in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto.

3. The Key Objectives of the Committee would be:

- a) to guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) to evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- c) to recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

Constitution of the Nomination and Remuneration Committee:

The Remuneration Committee of BWDA Finance Limited ("the Company") was re-constituted on 07th December, 2022 consisting of three Independent Directors. In order to align with the provisions of the Companies Act, 2013.

The Nomination and Remuneration Committee comprises of following Directors:

S.no	Name	Members
1.	Mr. R. Prakash	Chairman (Independent - Non-Executive)
2.	Mr. Asir Raja Selvan	Member
3.	Mrs. Shirley Thomas	Member

The Board has the power to reconstitute the Committee consistent with the Company's policy and applicable statutory requirement.

Definitions:

- (a) "Board" means Board of Directors of the Company.
- (b) "Directors" means Directors of the Company.

(c) "Committee" means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.

(d) "Company" means BWDA Finance Limited.

(e) "Independent Directors" means a director referred to in Section 149 (6) of the Companies Act, 2013.

(f) "Key Managerial Personnel" (KMP) means:

(i) Chief Executive Officer / Managing Director / or the Manager

(ii) Whole-time Director;

(iii) Company Secretary;

(iv) Chief Financial Officer;

(v) Such other officer as may be prescribed under the applicable statutory provisions / regulations.

(g) Senior Management: Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the executive directors including all functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

Applicability:

The Policy is applicable to:

(a) Directors (Both Executive and Non Executive),

(b) Key Managerial Personnel,

(c) Senior Management Personnel General.

Membership:

(a) The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.

(b) Minimum two (2) members shall constitute a quorum for the Committee meeting.

(c) Membership of the Committee shall be disclosed in the Annual Report.

(d) Terms of the Committee shall be continued unless terminated by the Board of Directors.

Chairman:

- (a) Chairman of the Committee shall be an Independent Director.
- (b) Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- (c) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- (d) Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

Frequency of Meetings:

- a) The meeting of the Committee shall be held at such intervals as may be required.

Committee Members' Interests:

- a) A member of the Committee is not entitled to be present when his or her own Remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

Secretary:

- a) The Company Secretary of the Company shall act as Secretary of the Committee.

Voting:

- a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

Disclosures:

The key features of this Company's policy shall be included in the Board's Report.

Role of Committee:

The role of the Committee inter alia will be the following:

- (i) to formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- (ii) to recommend to the Board the appointment and removal of Senior Management.
- (iii) to carry out evaluation of Director's performance and recommend to the Board appointment / removal based on his / her performance.

(iv) to recommend to the Board on (i) policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management and (ii) Executive Directors remuneration and incentive.

(v) to make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;

(vi) ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks,

(vii) to devise a policy on Board diversity;

(viii) to develop a succession plan for the Board and to regularly review the plan;

Nomination Duties:

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

(i) Ensuring that there is an appropriate induction & training programme in place for new Directors and members of Senior Management and reviewing its effectiveness;

(ii) Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Companies Act, 2013;

(iii) Identifying and recommending Directors who are to be put forward for retirement by rotation.

(iv) Determining the appropriate size, diversity and composition of the Board;

(v) Setting a formal and transparent procedure for selecting new Directors for appointment to the

Board;

(vi) Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;

(vii) Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;

(viii) Delegating any of its powers to one or more of its members or the Secretary of the Committee;

(ix) Recommend any necessary changes to the Board.

(x) Considering any other matters as may be requested by the Board; and

Remuneration Duties

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

- (i) to consider and determine 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
- (ii) such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- (iii) to approve 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.
- (iv) to delegate any of its powers to one or more of its members or the Secretary of the Committee
- (v) to consider any other matters as may be requested by the Board;
- (vi) Professional indemnity and liability insurance for Directors and senior management.

This Policy is divided in three parts:

Part - A: covers the matters to be dealt with and recommended by the Committee to the Board:

Part - B: covers the appointment and nomination and

Part - C: covers remuneration and perquisites etc.

PART - A

Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee:

The Committee shall:

- (a) Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- (b) Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- (c) Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

PART - B

Policy for appointment and removal of Director, KMP and Senior Management

(a) Appointment criteria and qualifications:

1. 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.
2. 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.
3. The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

(b) Term / Tenure:

1. Managing Director/Whole-time Director:

- ❖ 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.

2. Independent Director:

- ❖ An Independent Director shall hold office for a term upto 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 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.

(c) Evaluation:

- ❖ The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

(d) Removal:

- ❖ Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder 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, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

(e) Retirement:

- ❖ The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 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 benefits of the Company.

PART - C

Policy relating to the Remuneration for the Whole-Time Director, KMP and Senior Management Personnel

(a) General:

1. The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel 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 and Central Government, wherever required.
2. The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the rules made thereunder.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director. Increments will be decided on time to time basis.
4. 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 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.

(b) Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

1. Fixed pay:

- ❖ The Whole-time Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration / commission as may be approved by the Board on the recommendation of the Committee. The break up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

2. Minimum Remuneration:

- ❖ If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director 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.

3. Provisions for excess remuneration:

- ❖ If any Whole-time Director 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.

(c) Remuneration to Non- Executive / Independent Director:

1. Remuneration / Commission:

- ❖ The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made thereunder.

2. Sitting Fees:

- ❖ The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed such amount as may be prescribed by the Central Government from time to time and as approved by the Board from time to time.

3. Stock Options:

- ❖ An Independent Director shall not be entitled to any stock option of the Company.

4. Commission:

- ❖ Commission may be paid as per the approval of the Shareholders on recommendation of the Nomination and Remuneration Committee and the Board of Directors.

Minutes of Committee Meeting

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be placed at the subsequent Board meeting.