



NOMINATION AND REMUNERATION & BOARD DIVERSITY POLICY

LEGAL FRAMEWORK

This Policy is in compliance with Section 178 of the Companies Act, 2013 (“**Act**”) read along with the rules there under and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”). This policy has been approved by the Board of Directors on the recommendation of Nomination and Remuneration Committee of the Company.

The Committee’s role is to be supported by a policy for nomination of Directors and Senior Management Personnel including Key Managerial Personnel as also for remuneration of Directors, Key Managerial Personnel (KMP), Senior Management Personnel and other Employees. Further, a policy on Board Diversity is also to be adopted.

DEFINITIONS

For the purpose of this Policy:

- ‘**Act**’ shall mean the Companies Act, 2013;
- ‘**Board**’ shall mean the Board of Directors of Anant Raj Limited;
- ‘**Committee**’ shall mean the Nomination and Remuneration Committee of the Company, constituted and re -constituted by the Board from time to time;
- ‘**Company**’ shall mean Anant Raj Limited;
- ‘**Directors**’ shall mean the directors of the Company;
- ‘**Independent Director**’ shall mean a director referred to in Section 149 (6) of the Act and read with-the Listing Regulations;
- ‘**Key Managerial Personnel (KMP)**’ shall have the meaning as defined under Section 2(51) of the Act;
- ‘**Listing Regulations**’ means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- ‘**Nomination & Remuneration Committee**’ means “Nomination & Remuneration Committee” constituted by the Board of Directors of the Company from time to time under the provisions of the Section 178 of the Companies Act, 2013 and the Regulation 19 and Part D of Schedule II of the Listing Regulations.
- ‘**Other employees**’ means, all the employees other than the Directors, KMPs and the Senior Management Personnel.
- ‘**Senior Management**’ shall mean ascribed to it under Section 178 of the Act and the SEBI Listing Regulations and as amended from time to time.



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

OBJECTIVE & PURPOSE

The Committee and this Policy shall be in compliance with Section 178 of the Act read with applicable rules thereto and Regulation 19 read with Part D of Schedule II of Listing Regulations. The objective and purpose of this Policy are as follows:

- 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 in Senior Management and Key Managerial positions and to determine remuneration of Directors, Key Managerial personnel and Other employees.
- For every appointment of an independent 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. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the 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.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in market.
- To provide them reward linked directly to their efforts, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To guide and assist the Board in laying down ESOP Compensation policy in terms of SEBI Guidelines, as and when decided.
- To guide and assist the Board in clarifying any matter relating to remuneration.
- To set out the criteria for evaluation of performance of (a) Board as a whole; (b) Committees of the Board; and (iii) the individual Directors including the chairperson and the Independent Directors;
- To ensure diversity of the Board of the Company.



SCOPE OF THE POLICY

The policy shall be applicable to the following in the Company:

- Directors (Executive, Non-Executive and Independent)
- Key Managerial Personnel (KMP)
- Senior Management
- Other employees of the Company

CONSTITUTION

- The Committee shall consist of three or more non-executive directors out of which not less than two-thirds are independent directors.
- The Chairman of the Committee shall be an Independent Director.
- The Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Committee but shall not chair such Committee.
- The Chairman of the Committee or in his absence, any other member of the committee authorised by him in this behalf shall attend the General Meetings of the Company to answer the shareholders' queries.
- The Company Secretary shall act as the secretary for Committee meetings.

QUORUM OF THE MEETING

- With effect from April 01, 2019, the Committee shall meet at least once in a financial year.
- The quorum for a meeting of the Committee shall be either two members or one third of the members of the Committee, whichever is greater, including at least one independent director in attendance.
- In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.

GUIDELINES FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

1. Appointment criteria and qualifications:

- 1.1 Letter of appointment shall be issued based on the recommendations of the Committee on the basis of the guidelines for the same under the Act or the Company Internal policy.
- 1.2 Subject to the applicable provisions of the Act, the Listing Regulations, other applicable laws, if any and Internal HR Policy, the Committee shall identify and



ascertain the integrity, qualification, expertise and experience for appointment to the position of Directors, KMPs & Senior Management.

- 1.3 A potential candidate should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee shall review qualifications, expertise and experience, as well as the ethical and moral qualities possessed by such person, commensurate to the requirement for the position.
- 1.4 A person in order to be eligible for appointment as Independent Director, shall fulfill the criteria of Independence as defined in the Act and Listing Regulations.
- 1.5 Subject to the provisions of the applicable laws, the Company shall not appoint or continue the employment of any person as Manager/ Managing Director/whole time director who has attained the age of seventy years and in case of Non Executive Director, attained the age of seventy-five years. Provided that the term of the person holding this position may be extended beyond the age of seventy years or seventy-five year, as the case may be, 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.
- 1.6 The Committee shall determine the suitability of appointment of a person to the Board of Directors of the Company by ascertaining whether the fit and proper criteria is met by the candidate in the opinion of the Committee.
- 1.7 The Committee shall ensure that there is an appropriate induction & training programme in place for new directors, members of senior management, and KMP;
- 1.8 The Committee shall 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.
- 1.9 The Company should ensure that the person so appointed as Director/ Independent Director, KMP, Senior Management Personnel shall not be disqualified under the Act, rules made there under, Listing Regulations or any other enactment for the time being in force.
- 1.10 The Director/ Independent Director/Senior Management Personnel/KMP shall be appointed as per the procedure laid down under the provisions of the Act r/w Schedule IV and rules made there under, Listing Regulations or any other enactment for the time being in force.



- 1.11 In case of appointment of other employees other than Director/ KMP/ Senior Management, the internal HR Policy of the Company shall be considered by the Committee or any other department of the Company.
- 1.12 The Committee shall give information on recruitment and remuneration of senior officers just below the level of board of directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
- 1.13 The Committee shall recommend any necessary changes in the Policy to the Board, from time to time.

2. Term / Tenure:

I. Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Managing Director, Executive Director/Whole time Director for a term not exceeding five years at a time subject to superannuation age.

No re-appointment shall be made earlier than one year before the expiry of term of the Director appointed.

II. Independent Director

Subject to the provisions of the Applicable laws, an Independent Director shall hold office for a term up to five 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 re- appointment in the Company as Independent Director after the expiry of three years from the date of cessation as such in the Company. 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. The Committee shall take into consideration all the applicable provisions of the Act and the Listing Regulations as existing or as may be amended from time to time.

The maximum tenure of Independent Directors shall also be in accordance with the Act, Listing Regulations and clarifications/ circulars issued by the Ministry of Corporate Affairs, in this regard, from time to time.



3. Evaluation

The Committee shall determine the authority to carry out the evaluation process either by the Board of Director, Committee itself or by any Independent External Agency as selected by the Committee.

4. Removal

Due to reasons for any disqualification mentioned in the Act and rules made thereunder or under any other applicable Act, rules and regulations or in any other case, the Committee may recommend to the Board with reasons recorded in writing, removal of a director, KMP or senior management personnel or functional heads, subject to the provisions and compliance of the Act, rules and regulations.

5. Retirement

The director other than the Independent Director, KMP, senior management & functional heads shall retire as per the applicable provisions of the Act along with the rules made thereunder and the prevailing policy of the Company. The Board will have the discretion to retain the Directors, KMPs & Senior Management even after attaining the retirement age, for the benefit of the Company.

6. Diversity on the Board of the Company

The Company aims to enhance the effectiveness of the Board by diversifying it and obtain the benefit out of it by better and improved decision making. In order to ensure that the Company's boardroom has appropriate balance of skills, experience and diversity of perspectives that are imperative for the execution of its business strategy, the Company shall consider a number of factors, including but not limited to skills, industry experience, background, race and gender.

The Policy shall confirm with the following two principles for achieving diversity on its Board:

- ✚ Decisions pertaining to recruitment, promotion and remuneration of the directors will be based on their performance and competence; and
- ✚ For embracing diversity and being inclusive, best practices to ensure fairness and equality shall be adopted and there shall be zero tolerance for unlawful discrimination and harassment of any sort whatsoever.



In order to ensure a balanced composition of executive, non-executive and independent directors on the Board, the Company shall consider candidates from a wide variety of backgrounds, without discrimination based on the following factors:

- Gender- The Company shall not discriminate on the basis of gender in the matter of appointment of director on the Board. The Company encourages the appointment of women at senior executive levels to achieve a balanced representation on the Board. As per the provisions of the Act, the Company shall at all times have at least one-woman director on the Board. Any vacancy of the woman director shall be filled within such period as the law from time to time prescribes.
- Age- Subject to the applicable provisions of the Act and Listing Regulations, age shall be no bar for appointment of an individual as director on the Board of the Company.
- Nationality and ethnicity - The Company shall promote having a boardroom comprising of people from different ethnic backgrounds so that the directors may efficiently contribute their thorough knowledge, sources and understanding for the benefit of Company's business;
- Physical disability - The Company shall not discriminate on the basis of any immaterial physical disability of a candidate for appointment on Company's Board, if he/she is able to efficiently discharge the assigned duties.
- Educational qualification- The proposed candidate shall possess desired team building traits that effectively contribute to his/ her position in the Company. The Directors of the Company shall have a mix of finance, legal and management background, that taken together, provide the Company with considerable experience in a range of activities including varied industries, education, government, banking, and investment.

7. Remuneration

- I. The remuneration/compensation/commission etc. to its Directors and KMP will be determined by the Committee and recommended to the Board for approval as per the Internal HR Policy, if any. The remuneration/ compensation/commission etc. payable to its directors shall be subject to the approval of the shareholders of the Company. Besides this, the remuneration/ compensation/ commission / bonus etc. to be paid to its director shall be governed as per provisions of the Act and rules made thereunder or Listing Regulations or any other enactment for the time being in force as also by Company policy.
- II. Increments to the existing remuneration/compensation structure of the Senior Management excluding the Board of Directors comprising of members of Management one level below the Executive Director, including the Functional Heads will be decided by the Chairman & Managing Director & CEO of the Company.



While determining the remuneration of the Executive Directors, following factors shall be considered:

- a) Market competitive (market for every role is defined as companies from which the Company attracts talent or companies to which the Company loses talent),
- b) Based on the role played by the individual in managing the Company including responding to the challenges faced by the Company,
- c) Reflective of size of the Company, complexity of the sector/ industry/company's operations and the Company's capacity to pay,
- d) Consistent with recognized best industry practices.

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

The MD and/or whole-time director / KMP and senior management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee and the shareholders wherever applicable. The breakup of the pay scale and quantum of perquisites including, employer's contribution towards provident fund, pension scheme, medical expenses and other perquisites shall be decided and approved by the Board on the recommendation of the Committee.

8. Remuneration to Non- Executive / Independent Director:

- i. **Remuneration:** The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and with the provisions of the Act and Listing Regulations.
- ii. **Sitting Fees:** The Non- Executive/ Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof as approved by the Board from time to time. Provided that the amount of such fees shall not exceed the limits prescribed under the Act and Listing Regulations.
- iii. **Stock Options:** An Independent Director shall not be entitled to any stock option of the Company.
- iv. **Limit of Remuneration /Profit Linked Commission:**
Remuneration /profit linked Commission may be paid within the monetary limit approved by shareholders, subject to the limit as specified in the Listing Regulations and Act.

Role of the Nomination and Remuneration Committee:

- a) It shall specify the manner / criteria for effective evaluation of performance of the Board, its committees and individual directors;



- b) It may from time to time determine the authority to carry out the evaluation process either by the Board of Director, Committee itself or by any Independent External Agency as selected by the Committee ('Evaluation Authority').
- c) 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.
- d) 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.
- e) devising a policy on diversity of board of directors;

Criteria of Evaluation

The criteria for every evaluation may be decided at every level depending on the functions, responsibilities, competencies required, nature of business, etc. However, the Committee with the approval of the Board has prescribed the minimum standard to be kept in mind while carrying out the performance evaluation:-

Indicative factors which shall be considered while evaluating the directors are as follows:

(A) Board as a Whole

1. Structure of the Board:
 - i. Competency of Directors
 - ii. Experience of Directors
 - iii. Mix of qualifications
 - iv. Diversity in board under various parameters
2. Meetings of the Board:
 - i. Regularity of meetings
 - ii. Frequency
 - iii. Logistics
 - iv. Agenda
 - v. Discussions and dissents
 - vi. Recording of minutes
 - vii. Dissemination of information
3. Functions of the Board:
 - i. Role and responsibilities of the Board
 - ii. Strategy and performance evaluation
 - iii. Governance and Compliance
 - iv. Evaluation of risks



- v. Grievance redressal for investors
- vi. Conflict of interest
- vii. Stakeholder value and responsibility
- viii. Facilitation of independent directors

(B) Committees of the Board

- 1. Mandate and composition
- 2. Effectiveness of the Committee
- 3. Structure of the committee and meetings
- 4. Independence of the Committee from the Board
- 5. Contribution to the decisions of the Board

(C) Individual Directors and Chairperson

- 1. General
 - a) Qualifications
 - b) Experience
 - c) Knowledge and Competency
 - d) Ability to function as a team
 - e) Commitment
 - f) Integrity
- 2. Additional criteria for Independent director:
 - a) Independence
 - b) Independent views and judgement
- 3. Additional criteria for Chairperson:
 - a) Effectiveness of leadership and ability to steer the meetings
 - b) Impartiality
 - c) Commitment
 - d) Ability to keep shareholder's interest in mind

In case of evaluation by third party, the Independent External Agency may adopt different criteria from the abovementioned criteria's.

Feedback

Providing feedback to the individual directors, the Board and the Committees is crucial for success of Board Evaluation. On collation of all the responses, the feedback may be provided



by the Chairman of the Board or any other member as authorized by the Chairman or any authorized person of external agency through orally or written communication. For effectiveness of the evaluation, it is essential that the feedback be given honestly and without bias.

Action Plan

Based on the analysis of the responses, the Board may prepare an action plan on:

- a) Areas of improvement including training, skill building, etc. as may be required for Board members
- b) List of actions required detailing:
 - Nature of actions
 - Timeline
 - Person responsible for implementation
 - Resources required, etc.
- c) Review of the actions within a specific time period

The action plan may be prepared by the Board or Committee in a comprehensive manner. Suggestions under the external assessment, individual member feedback, etc. may be taken into account while drafting the action plan.

Frequency of Board Evaluation

As per Listing Regulations and Act, the Board Evaluation is required to be done once a year.

MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be recorded as minutes and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

DIRECTOR'S AND OFFICER'S INSURANCE

Where any insurance is taken by the Company on behalf of its Directors, KMPs/ Senior Management Personnel etc. 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.

DISCLOSURE OF THIS POLICY

❖ Disclosures in Annual Report-



- a. The manner of formal annual evaluation of the Board, its committees and individual directors is to be disclosed to the shareholders on an annual basis in the Annual Report.
- b. All pecuniary relationship or transactions of the non-executive directors vis-a-vis the entity shall be disclosed in the annual report.
- c. all elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension, etc
- d. details of fixed component and performance linked incentives, along with the performance criteria
- e. service contracts, notice period, severance fees;
- f. stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable.

❖ Disclosures on Website- The policy shall be hosted on the website of the Company.

FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS:

- a) The Company shall familiarize the Independent Directors with the company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the company, etc., through various programs.
- b) The details of such familiarization programs shall be disclosed on the Company's website and a web link thereto shall also be given in the Annual Report.

REVIEW

The Committee as and when required shall assess the adequacy of this Policy and make any necessary or desirable amendments, if any under the Companies Act, 2013 and/or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee may recommend amendments to this Policy from time to time as it deems appropriate.

AMENDMENTS

Notwithstanding the above, the applicable provisions and amendments, if any under the Companies Act, 2013 and/or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of this Policy and related matter shall be implemented by the Company. The Committee may recommend amendments to this Policy from time to time as it deems appropriate.