

(Adopted by the Board of directors on 16 September 2019)

Nomination and Remuneration Policy

I. PREAMBLE:

In order to align with the provisions of provisions of Section 178 of the Companies Act, 2013, the Board on 19th June, 2014 constituted “Nomination and Remuneration Committee” with three non-Executive Directors as its Members out of whom two are Independent Directors.

This committee is constituted and the Policy is framed in compliance with the provisions of Section 178 of the Companies Act, 2013 read along with the applicable rules thereunder.

II. OBJECTIVE:

The key objectives of having the committee are the following:

- a) To provide rewards to the Executive Directors and Key Managerial Personnel which are linked directly to their effort, performance, dedication and achievement.
- b) To retain, motivate and promote talent and to ensure long term sustainability of talent within the organisation.
- c) To develop a succession plan for the Board.

III. DEFINITIONS:

“Board” means Board of directors of the Company.

“Company” means “Bharat Fritz Werner Limited”.

“Policy” means “Nomination and Remuneration Policy,

IV. INTERPRETATION:

Words, phrases and terms used herein shall have the same meaning assigned to them under the Companies Act, 2013, as amended from time to time.

V. 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 and other senior employees 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 employees 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.

VI. APPOINTMENT AND REMOVAL OF DIRECTOR & KEY MANAGERIAL PERSONNEL:

The following shall be the guiding factors for the committee in connection with appointment and removal of directors including independent directors & Key Managerial Personnel.

• Appointment criteria and qualifications:

1. The committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director or Key Managerial Personnel and recommend to the Board about 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 are sufficient / satisfactory for the concerned position.
3. The company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager 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.

Evaluation

Performance evaluation is a key mean by which Board can recognize and correct corporate governance problems and add real value to the Company. The Board determines and discusses the reasons for governance failures and how board evaluations can help prevent them from occurring. It then reviews the performance pressures facing boards and the benefits of board evaluations in meeting these pressures. All Board members are entitled to participate in the evaluation and are encouraged to further discuss and refine their views during an executive session meeting. The following criteria are expected to be followed for reviewing the directors' performance:-

- a. Accomplishment of the organization's mission, objectives and strategic results for which the Executive Director is responsible.
- b. Ensuring that the board is well informed on issues affecting the continuing relevance of the mission and the performance and reputation of the Company.
- c. Adequacy of processes which monitor business performance, Board member interaction with management, adequacy of Board knowledge, adequacy of business strategy, Board being informed, evaluation process for executives and Directors.
- d. Appropriateness of balance and mix of skills, size of Board, contribution of individual Board members, adequacy of performance feedback to Board members, adequacy of procedures dealing with inadequate performance by a Board member.
- e. Board's effectiveness in use of time, whether Board allowed sufficient opportunity to adequately assess management performance, Board's ability to keep abreast of developments in the wider environment which may affect adequacy of meeting, frequency and duration.

- f. Working relationship between chairman and chief executive officer, segregation of duties between Board and management, ability of Directors to express views to each other and to management in a constructive manner, adequacy of Board discussions and management of divergent views.

The evaluation will take place annually as per the requirement of law. The Board may undertake more frequent evaluations, if warranted. The performance evaluation will typically address activities, events and accomplishments that took place during the most recently completed fiscal year.

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, Key Managerial Personnel subject to the provisions and compliance of the applicable laws.

Retirement:

The Director, Key Managerial Personnel and Senior Management 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, KEY MANAGERIAL PERSONNEL in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

VII. PROVISIONS RELATING TO REMUNERATION TO EXECUTIVE DIRECTORS & KEY MANAGERIAL PERSONNEL

1. The company follows a policy on remuneration of directors and senior management employees. While determining the remuneration of Executive Directors and Key Executive Directorsnel (KEY MANAGERIAL PERSONNEL), the Board shall consider following factors:
 - Criteria/ norms for determining the remuneration of such employees prescribed in the HR Policy.
 - Existing remuneration drawn.

- Industry standards, if the data in this regard is available.
 - The job description.
 - Qualifications and experience levels of the candidate.
 - Remuneration drawn by the outgoing employee, in case the appointment is to fill a vacancy on the death, resignation, removal etc. of an existing employee.
 - The remuneration drawn by other employees in the grade with matching qualifications and seniority, if applicable.
2. The determination of remuneration for other employees shall be governed by the HR Policy.
 3. The remuneration / compensation / commission etc. to Executive Directors & KEY MANAGERIAL 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 as may be required.
 4. The remuneration and commission to be paid to Executive Directors shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
 5. 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 Executive Directors. Increments will be effective from the date of reappointment in respect of Executive Directors and 1st April in respect of other employees of the Company.
 6. Where any insurance is taken by the Company on behalf of its Executive Directors, KEY MANAGERIAL PERSONNEL 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.

Remuneration payable to Executive Directors & Key Managerial Personnel

1. Fixed pay:

Executive Directors & KEY MANAGERIAL PERSONNEL shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made

thereunder for the time being in force. 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 Executive Directors 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 prior approval of the Central Government.

3. Provisions for excess remuneration:

If any Executive Director draws or receives inadvertently, directly or indirectly by way of remuneration in excess of the limits prescribed under the Companies Act, 2013 without following the procedure laid down under the Companies Act, 2013, he / she shall refund such sums to the Company unless otherwise ratified by the members of the company by passing a special resolution.

Remuneration to Non-Executive / Independent Director:

1. Remuneration / Commission:

The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

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 the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.



VIII. SECRETARY

The Company Secretary of the Company shall act as Secretary of the Committee.

IX. DEVIATION FROM THE 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.