

**NOMINATION**  
**AND**  
**REMUNERATION POLICY**

*(Pursuant to Section 178(3) of the Companies Act, 2013 and Regulation 19 of the of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015*

**R K SWAMY LIMITED**

*(Formerly Known as 'R.K.SWAMY BBDO Private Limited and R K Swamy Private Limited)*

## 1. PREAMBLE:

Nomination & Remuneration Policy (the “**Policy**”) is prepared pursuant to requirements of Section 178(3) of the Companies Act, 2013 (the “**Act**”) and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**Listing Regulations**”). This Policy is applicable to the Board of Directors (“**Board**”) and the Senior Management Personnel (“**SMP**”) of R K Swamy Limited (the “**Company**”).

## 2. PHILOSOPHY/ OBJECTIVE:

The objective of this Policy is to lay down a framework in relation to remuneration of directors on the Board of the Company (“**Directors**”), Key Managerial Personnel (“**KMP**”) and SMP. The key objectives of the Policy would be to:

- Identify persons who are qualified to become Directors (executive and non-executive) and who may be appointed in senior management positions in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- Evaluate 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.
- Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of Directors, KMP and other employees.
- Formulate criteria for evaluation of Independent Directors and the Board.
- Recommend to the Board on all the remuneration payable, in whatever form to the Directors, KMP and SMP.
- Recommend to the Board whether to extend or continue terms of appointment of an Independent Director.
- Ensure that (i) 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; (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and (iii) remuneration to Directors, KMP and SMP 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.
- Devise a policy on diversity of the Board.
- Undertake such other key issues/matters as may be referred by the Board or as may be necessary in view of the provision of the Act and Rules thereunder and the Listing Regulations, whenever applicable.

## 3. DEFINITIONS:

“**Act**” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.

“**Board**” means the collective body of the Board of Directors of the Company, as constituted from time to time.

“**Independent Director**” means a Director of the Company, not being a whole time Director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and the Listing Regulations.

“**Listing Regulations**” shall mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, clarifications, circulars or re-enactment thereof.

**“Key Managerial Personnel” or “KMP” means:**

- i. The Managing Director, or the Chief Executive Officer or the Manager;
- ii. The Whole Time Director;
- iii. The Chief Financial Officer;
- iv. Company Secretary;
- v. Such other officer, not more than one level below the Directors who is in the whole-time employment, designated as KMP by the Board; and
- vi. Such other officer as may be prescribed.

**“Nomination & Remuneration Committee” or “NRC”** means the nomination and remuneration committee of the Company constituted under the provisions of Listing Regulations and the Act, or under any previous Companies Act.

**“Senior Management Personnel” or “SMP”** means the officers or personnel of the Company who are members of the core management team, excluding the Board of Directors, and shall also comprise of all the members of management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

**“Whole-Time KMP”** as per Section 203 of the Companies Act means:

- i. managing director, or Chief Executive Officer or manager and in their absence, a Whole Time Director;
- ii. Company Secretary; and
- iii. Chief Financial Officer.

*Words and expressions used and not defined herein shall have the meaning respectively assigned to them under the Listing Regulation or the Companies Act 2013 or other applicable laws.*

#### **4. POLICY:**

**Policy is divided into two parts:**

- a. Part I provides for criteria for appointment of Directors, KMP, SMP and other employees.
- b. Part II deals with remuneration of Directors, KMP, SMP and other employees.

#### **PART I: APPOINTMENT**

##### **GENERAL CRITERIA**

- a. The Board shall comprise of optimum number of Directors as is necessary to effectively manage the affairs of the Company. Subject to a minimum of 3 and maximum of 15, the Board shall have an appropriate combination of Executive Directors, Non-Executive Directors, Independent Directors, including women Director(s).
- b. The NRC shall be responsible for identifying suitable candidates for appointment as Director of the Company. While evaluating a person for appointment or re-appointment as Director, the NRC shall consider and evaluate number of factors including but not limited to background, knowledge, skills, abilities, professional experience and functional expertise, educational and professional background, personal accomplishment, age, experience of business management, marketing services, finance and other disciplines relevant to the business etc. and such other factors that it might consider relevant and applicable from time to time towards achieving a

diverse Board.

- c. The NRC shall ensure that the candidates identified for appointment as Directors are not disqualified for appointment under Section 164 of the Act.
- d. During the term of the office, every director shall -
  - i. uphold ethical standards of integrity and probity;
  - ii. act objectively and constructively;
  - iii. exercise responsibilities in a bona-fide manner in the interest of the Company;
  - iv. shall be free from any disqualifications as stipulated under the Act as well as the Listing Regulations; and
  - v. shall be able to devote sufficient time and efforts in discharge of duties and responsibilities effectively

e. **Appointment of Whole-Time KMP**

- The Board based on the recommendation of the NRC shall be responsible for identifying suitable candidate for the position of Whole-Time KMP.
- The terms and conditions of the appointment shall be in accordance with the provisions of applicable law.
- A Whole-Time KMP of the Company shall not hold office in more than one company except in a subsidiary company at the same time. However, a Whole-Time KMP can be appointed as a Director in any company, with the permission of the Board of the Company.
- The Company shall not appoint or continue the employment of any person as Managing Director or Whole-Time Director or Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended at the discretion of the committee 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.

f. **Appointment of Independent Director**

- 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, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.
- 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.
- An Independent Director shall be under the obligation to inform the Board of Directors of any change in circumstances which may affect his/her independence.
- The re-appointment or extension of the term of the Director shall be on the basis of their performance evaluation report.

**g. Appointment of SMP**

The appointment of SMP shall be approved by the Board on recommendation of the NRC.

**h. Appointment of Other Employees**

The appointment of other employees shall be made on the basis of the experience, qualification, expertise of the individual as well as the roles and responsibilities required for the position and shall be undertaken by the human resource department in consultation with either of the Managing Director, Whole-Time Director and Group CFO.

**i. Removal of Directors, KMP or SMP**

- The removal of directors, KMP or SMP may be warranted due to reasons such as disqualification prescribed under the applicable laws, performance, disciplinary reasons, etc.
- The removal of any director can be recommended by NRC in consultation with the Chairman or Vice Chairperson to the Board. The removal shall be finally approved by the shareholders' basis recommendation of the Board.
- The removal of KMP shall be approved by the Board by passing a resolution.
- SMP can be removed by the Board, based on the recommendation of the NRC.

## **PART II: REMUNERATION**

### **BOARD MEMBERS**

- The overall limits of remuneration of the Board including executive Board members (i.e., Managing Director, Whole-Time Director, Executive Directors etc.) are governed by the provisions of section 197 of the Act read with the Rules and Schedules made thereunder and shall be approved by the shareholders of the Company.
- Within the overall limit approved by the shareholders, on the recommendation of the NRC, the Board shall determine the remuneration. The Board can determine different remuneration for different directors on the basis of their role, responsibilities, duties, time involvement etc.
- While determining the remuneration to Directors, KMP, SMP and other employees, the following shall be ensured:
  - i. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors, KMP, SMP and other employees of the quality required to run the Company successfully;
  - ii. Relationship of remuneration to performance is clear and meets appropriate benchmarks; and
  - iii. Remuneration to directors, KMP, SMP and other employees involves a balance of fixed and incentive pay reflecting short-term and long-term performance objectives appropriate to the working of the Company and its goals.

a) **Remuneration to Managing Director/Whole-Time Director**

The shareholders in a general meeting shall approve maximum permissible amount which can be paid to the Managing Director/Whole-time Director. Within the overall limits approved by the shareholders, on the recommendation of the Nomination and Remuneration Committee, the Board shall have the authority to revise the remuneration from time to time.

The remuneration paid to the Managing Director or Whole-time Director is broadly divided into fixed and variable components. The fixed component shall comprise salary, allowances, perquisites, amenities and retirement benefits. The variable component shall comprise performance bonus/ commission as per the terms of appointment.

b) **Remuneration to Non-Executive Directors**

Pursuant to the provisions of section 197 of the Act and the shareholders' approval, the Board has approved the following remuneration for Non-Executive Directors (including Independent Directors):

- Non-Executive Directors shall be entitled to sitting fees of INR 50,000 per board meeting and per board committee meetings except for Operations and Administrative Committee.
- The Non-Executive Directors shall be entitled to such commission as approved by the Board within the overall limits approved by the shareholders. In no case the commission shall exceed 1% of the profits of the Company computed as per the applicable provisions of the Act.
- The sitting fee shall be payable immediately after the Board or Board committee meeting to those Directors who attend the meeting. The Commission shall be payable at the end of the financial year after approval of the annual financial statements by the Board.
- The Promoter Directors and the Independent Directors will not be entitled to the grant of Stock Options.
- All the Directors shall be entitled to reimbursement of reasonable expenditure incurred by him/her for attending Board or committee meetings, general meetings, court convened meetings, meetings with shareholders or creditors or management.

c) **Remuneration to KMP, SMP and other employees (not being a Director)**

- The remuneration including revision in remuneration of other employees shall be decided by the human resources department in consultation with the matrix manager within the overall framework of compensation and appraisal practices of the Company and under the overall authority of the Managing Director, Whole-time Director & Group CFO.
- The remuneration may include basic salary, allowances, perquisites, performance linked incentive, retirement benefits, joining / retention bonus, long-term or retention incentives, leave travel concessions, ex-gratia / one-time payments, medical benefits, housing / other loans at concessional rates, severance package or any other component / benefits.
- The KMP, SMP and other employees of the Company (not being Director(s)) shall also be eligible for grant of stock options, wherever deemed fit, under the applicable Employee Stock Option Scheme of the Company, as may be decided by the NRC from time to time.

d) **Directors and Officers Liability Insurance Policy**

All directors of the Company would be covered by the requisite Directors and Officers Liability Insurance Policy.

**5. BOARD DIVERSITY:**

- The Company acknowledges the importance of diversity in its broadest sense in the boardroom as a driver of Board effectiveness. Diversity encompasses diversity of perspective, experience, education, background, ethnicity and personal attributes. The Company recognizes that gender diversity is a significant aspect of diversity and acknowledges the role that woman with the right skills and experience can play in contributing to diversity of perspective in the Boardroom.
- The NRC shall review and evaluate Board composition to ensure that the Board and its Committees have the appropriate mix of skills, experience, independence and knowledge to ensure their continued effectiveness. In doing so, it will take into account diversity, including diversity of gender, amongst other relevant factors. The NRC will ensure that no person is discriminated against on grounds of religion, race, gender, pregnancy, childbirth or related medical conditions, national origin or ancestry, marital status, age, sexual orientation or any other personal or physical attribute which does not speak to such person's ability to perform as a Boardmember.
- All appointments to the Board, as recommended by the NRC shall be made on merit while taking into account suitability for the role, Board balance and composition, the required mix of skills, background and experience (including consideration of diversity and ethnicity). Other relevant matters such as independence and the ability to fulfil required time commitments in the case of Independent and Non-Executive Directors will also be taken into account.
- The NRC shall monitor and periodically review Board Diversity and make recommendations to the Board so as to improve one or more aspects of its diversity and measure progress accordingly.
- The Company will be able to ensure Board diversity if shareholders are able to judge for themselves whether the Board as constituted is adequately diverse. The Company shall continue to provide sufficient information to the shareholders about the qualifications, expertise and characteristics of each Board Member.

**6. COMPOSITION OF NOMINATION AND REMUNERATION COMMITTEE:**

The Board shall constitute the NRC in compliance with Section 178 of the Act, consisting of the following board members:

1. Chairperson (Independent Director)
2. Member (Independent/Non – Executive Director)
3. Member (Independent/Non – Executive Director)

In accordance with Section 178(1) of the Act, not less than one-half of the members of the NRC shall be Independent Directors.

The quorum for a meeting of the NRC 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.

**7. ROLES AND RESPONSIBILITIES OF THE NOMINATION AND REMUNERATION COMMITTEE:**

The Responsibilities of the Committee shall be such as prescribed under the Act and Rules made thereunder and Part D of Schedule II of the Listing Regulations (as amended from time to time).

**8. DISCLOSURES:**

This policy shall be disclosed in the Board Report.

**9. POLICY APPROVAL AND UPDATES:**

The KMP or the person authorized by the Board may review this Policy from time to time. The NRC, when it deems necessary, shall recommend the changes to the Board for its approval.

In case of any inconsistency between the terms of this Policy, Listing Regulations and the Act, the provisions of the Listing Regulations and the Act shall prevail.

In case of any subsequent changes in the provisions of the Act, or any other applicable regulations which make any of these clauses/ provisions in this Policy inconsistent with the applicable law, the provisions of the applicable law shall prevail.

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