

BHARAT ROAD NETWORK LIMITED (BRNL)

BRNL Nomination & Remuneration Policy

**(Framed under Section 178(3) of Companies Act, 2013 & Regulation
19 of the SEBI (Listing Obligations and Disclosure Requirements)
Regulations, 2015)**

1. Preamble

- 1.1 Sub-section (3) of Section 178 of the Companies Act, 2013 states that the Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- 1.2 As per Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of a Listed Entity shall constitute the nomination and remuneration Committee, comprising atleast three directors.
- 1.3 Section 178 of the Companies Act, 2013 has been made effective from April 1, 2014 by the Central Government by notification no. S.O.902 (E) issued on March 26, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from 1st December, 2015. Therefore, this Nomination and Remuneration Policy (“the Policy”) has been framed in compliance with the provisions of the Companies Act, 2013 and Rules made thereunder and SEBI Listing Regulations.
- 1.4 The Policy provides a framework for remuneration to the members of the Board of Directors (“Board”), Key Managerial Personnel (“KMP”) and the Senior Management Personnel (“SMP”) of the Company (collectively referred to as “**Executives**”).

The expression “senior management” means employees of Company who are members of its core management team excluding directors comprising all members of management one level below the executive directors, including the functional heads.

- 1.5 The existing Remuneration Committee of the Board of Directors has been re-named as The Nomination and Remuneration Committee (“the Committee or NRC”) so as to comply with the provisions of Section 178(1) of the Act. The Members of the Committee shall be appointed by the Board and shall comprise three or more non-executive directors out of which not less than one-half shall be independent directors. Any fraction in the one-half shall be rounded off to one.
- 1.6 This Policy will be called “BRNL Nomination & Remuneration Policy” and referred to as “the Policy”.
- 1.7 The Policy will be reviewed at such intervals as the Nomination and Remuneration Committee will deem fit.

2. Objectives

2.1 The objectives of the Policy are as follows:

- 2.1.1 To set criteria for determining qualifications, positive attributes and independence of a director, and remuneration of the Executives.

- 2.1.2 To enable the Company to attract, retain and motivate highly qualified members for the Board and other executive level to run the Company successfully.
- 2.1.3 To enable the Company to provide a well-balanced and performance-related compensation package, taking into account shareholder interests, industry standards and relevant Indian corporate regulations.
- 2.1.4 To ensure that the interests of Board members & senior executives are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the company and will be consistent with the "pay-for performance" principle.
- 2.1.5 To ensure that remuneration to directors, KMP and senior management employees of the Company 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. Principles of remuneration

- 3.1 *Support for Strategic Objectives:* Remuneration and reward frameworks and decisions shall be developed in a manner that is consistent with, and supports and reinforces the achievement of the Company's vision and strategy.
- 3.2 *Transparency:* The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.
- 3.3 *Internal equity:* The Company shall remunerate the Executives in terms of their roles within the organisation. Positions shall be formally evaluated to determine their relative weight in relation to other positions within the Company.
- 3.4 *External equity:* The Company strives to pay an equitable remuneration, capable of attracting and retaining high quality personnel. Therefore the Company will remain logically mindful of the ongoing need to attract and retain high quality people, and the influence of external remuneration pressures. Reference to external market norms will be made using appropriate market sources, including relevant and comparative survey data, as determined to have meaning to the Company's remuneration practices at that time.
- 3.5 *Flexibility:* Remuneration and reward shall be sufficiently flexible to meet both the needs of individuals and those of the Company whilst complying with relevant tax and other laws.
- 3.6 *Performance-Driven Remuneration:* The Company shall establish a culture of performance-driven remuneration through the implementation of the Performance Incentive System.
- 3.7 *Affordability and Sustainability:* The Company shall ensure that remuneration is affordable on a sustainable basis.

4. Terms of Reference and Role of the Committee

4.1 The Terms of Reference and the Role of the Committee as set by the Board of Directors are as under:

- 4.1.1 Evaluate the current composition and organization of the Board and its committees in light of requirements established by any Regulatory Body or any other applicable statute, rule or regulation which the Committee deems relevant and to make recommendations to the Board in respect to the appointment, re-appointment and resignation of Independent, Executive and Non-Executive Directors of the Company;
- 4.1.2 Review the composition and size of the Board in order to ensure that the Board is comprised of members reflecting the proper expertise, skills, attributes and personal and professional backgrounds for service as a Director of the Company, as determined by the Committee;
- 4.1.3 Review and recommend to the Board an appropriate course of action upon the resignation of current Board members, or any planned expansion of the Board, and review the qualifications, experience and fitness for service on the Board of any potential new members of the Board;
- 4.1.4 Review all stockholder proposals submitted to the Company (including any proposal relating to the nomination of a member of the Board) and the timeliness of the submission thereof and recommend to the Board appropriate action on each such proposal;
- 4.1.5 Formulate, administer and supervise the Company's Stock Option schemes, if any, in accordance with relevant laws;
- 4.1.6 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;
- 4.1.7 Ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- 4.1.8 Ensure that remuneration to Directors, Key Managerial Personnel (KMPs) 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;
- 4.1.9 Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel (KMPs) and other employees of the Company;

- 4.1.10 Formulate the criteria for evaluation of Independent Directors and the Board;
- 4.1.11 Identify the persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal;
- 4.1.12 Formulate the criteria for evaluation of the Independent Directors
- 4.1.13 Devise a policy on Board Diversity
- 4.1.14 Deal with such matters as may be referred to by the Board of Directors from time to time;

4.2 The Committee shall:

- 4.2.1 review the ongoing appropriateness and relevance of the Policy;
- 4.2.2 ensure that all provisions regarding disclosure of remuneration, including pensions, leave encashment, gratuity, etc. are fulfilled;
- 4.2.3 obtain reliable, up-to-date information about remuneration in other companies;
- 4.2.4 ensure that no director or executive is involved in any decisions as to their own remuneration.

4.3 Without prejudice to the generality of the terms of reference as set out above, the Committee shall:

- 4.3.1 operate the Company's share option schemes (if any) or other incentives schemes (if any) as they apply to. It shall recommend to the Board the total aggregate amount of any grants to the Executives including individual limit and make amendments to the terms of such schemes, as the case may be;
- 4.3.2 liaise with the trustee / custodian of any employee share scheme which is created by the Company for the benefit of employees or Directors.
- 4.3.3 review the terms of Executives service contracts from time to time.

5. Procedure for selection and appointment of the Board Members

5.1 Board membership criteria:

- 5.1.1 The Committee, along with the Board, shall review on an annual basis, appropriate skills, characteristics and experience required of a Board Member. The objective is to have a Board with diverse background and experience in business, government, academics, technology and in areas that are relevant for the Company's global operations.

- 5.1.2 In evaluating the suitability of individual Board members, the Committee shall take into account many factors, including general understanding of the Company's business dynamics, global business and social perspective, educational and professional background and personal achievements. Directors must possess experience at policy-making and operational levels in large organizations with significant international activities that will indicate their ability to make meaningful contributions to the Board's discussion and decision-making in the array of complex issues facing the Company.
- 5.1.3 Director should possess the highest personal and professional ethics, integrity and values. They should be able to balance the legitimate interest and concerns of all the Company's stakeholders in arriving at decisions, rather than advancing the interests of a particular constituency.
- 5.1.4 In addition, Directors must be willing to devote sufficient time and energy in carrying out their duties and responsibilities effectively. They must have the aptitude to critically evaluate management's working as part of a team in an environment of collegiality and trust.
- 5.1.5 The Committee shall evaluate each Director with the objective of having a group that best enables the success of the Company's business.

5.2 Selection of Board Members/ extending invitation to a potential director to join the Board:

- 5.2.1 One of the roles of the Committee is to periodically identify competency gaps in the Board, evaluate potential candidates as per the criteria laid above, ascertain their availability and make suitable recommendations to the Board. The objective is to ensure that the Company's Board is appropriate at all points of time to be able to take decisions commensurate with the size and scale of operations of the Company. The Committee also identifies suitable candidates in the event of a vacancy being created on the Board on account of retirement, resignation or demise of an existing Board member. Based on the recommendations of the Committee, the Board evaluates the candidate(s) and decides on the selection of the appropriate member.
- 5.2.2 The Board then shall make an invitation (verbal / written) to the new member to join the Board as a Director. On acceptance of the same, the new Director may be appointed by the Board.

6. Procedure for selection and nomination of KMP and SMPs

The Chairman and Managing Director (CMD), the Chief Executive Officer (CEO) and the Head of Human Resource (HR) Department, will identify and appoint suitable candidates for appointing them as KMPs (excluding Executive Directors) or SMPs of the Company on the basis of their academic, professional qualifications, relevant work experience, skill and other capabilities suitable to the position of concerning KMP or SMP.

Further, in case of KMP (excluding Executive Director) appointment, approval of the Board of Directors / concerned Committee shall be taken in accordance with provisions of relevant Act, statutes, regulations etc. existing as on that date. The appointment and/or removal of KMPs shall be placed before the NRC and / or Board of Directors at regular intervals.

Further, in case of appointment of SMPs (excluding KMPs), the appointment as approved by the Chairman and Managing Director (CMD), the Chief Executive Officer (CEO) and the Head of Human Resource (HR) Department shall be placed before the NRC at regular intervals.

7. Compensation Structure

7.1 Remuneration to Non-Executive Directors:

The Non-executive Directors of the Company are paid remuneration by way of fees only for attending the meetings of the Board of Directors and its Committees. The fees paid to the Non-executive Directors for attending meetings of Board of Directors is 5,000/- per meeting, or it shall be such as may be determined by the Board within the limit prescribed under the Companies Act (which is currently Rs. 100,000/- per meeting). However, fees for attending other Committee meetings i.e. Audit Committee, Committee of Directors, Nomination and Remuneration Committee, is Rs. 5,000/- per meeting. Beside the sitting fees, they are also entitled to reimbursement of expenses and payment of commission on net profits.

The fees of the Non-executive Directors for attending meetings of Board of Directors and the Committees thereof may be modified from time to time only with the approval of the Board in due compliance of the provisions of Companies Act, 2013 and amended from time to time.

An Independent Director shall not be entitled to any stock option and may receive remuneration only by way of fees and reimbursement of expenses for participation in meetings of the Board or Committee thereof and profit related commission, as may be permissible by the Applicable law.

If any such director draws or receives, directly or indirectly, by way of fee/remuneration any such sums in excess of the limit as prescribed or without the prior sanction, where it is required, under the Applicable law such remuneration shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company.

7.2 Remuneration to Executive Directors, Key Managerial Personnel(s)(KMPs) & Senior Management Personnel(s) (SMPs)

The Company has a credible and transparent framework in determining and accounting for the remuneration of the Managing Director / Whole Time Directors (MD/WTDs), Key Managerial Personnel(s) (KMPs) and Senior Management Personnel(s) (SMPs). Their

remuneration shall be governed by the external competitive environment, track record, potential, individual performance and performance of the company as well as industry standards. The remuneration determined for MD/WTDs shall be approved by the Board of Directors at a meeting which shall be subject to the approval of members at the next general meeting of the Company and by the Central Government incase such appointment is at variance to the conditions specified in Schedule V of the Companies Act, 2013. As a policy, the Executive Directors are not paid any fees for attending the Board and/or Committee meetings.

If any Director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limit as prescribed or without the prior sanction, where it is required, under the Applicable law, such remuneration shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company.

The remuneration (including revision) of KMPs (excluding Executive Directors) and SMPs shall be determined by Chairman and Managing Director (CMD) and the Head of Human Resource (HR) Department after taking into consideration the academic, professional qualifications, work experience, skill, other capabilities and industry standards.

Further, the remuneration (including revision) of KMPs (excluding Executive Directors) shall also be subject to approval of the Board of Directors/concerned Committees, if stipulated by any Act, statute, regulations etc.

8. Powers of the Committee and Meetings of the Committee

The Committee shall have inter-alia the following powers:

- 8.1 Conduct studies or authorise studies of issues within the scope of the Committee with full access to all books, records, facilities and personnel of the Company;
- 8.2 Retain or seek advice of consultants and experts for performance of their role under this Policy and the costs relating thereto shall be borne by the Company;
- 8.3 Delegate its powers to any Member of the Committee or any KMP of the Company or form sub-committees to perform any of its functions or role under this Policy.

The Committee shall meet at least once in six months. Additional meetings may happen as the Committee deems it appropriate.

9. Approval and publication

- 9.1 This Policy as framed by the Committee shall be recommended to the Board of Directors for its approval.
- 9.2 The Policy shall form part of Director's Report as required under Section178(4) of the Companies Act, 2013.

10. Supplementary provisions

10.1 This Policy shall formally be implemented from the date on which it is adopted by the Board of Directors.

10.2 Any matters not provided for in this Policy shall be handled in accordance with relevant laws and regulations, the Company's Articles of Association.

10.3 The right to interpret this Policy vests in the Board of Directors of the Company.