

NOMINATION AND REMUNERATION POLICY OF B&A LTD

I. PREAMBLE

Pursuant to Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board of Directors of every listed Company shall constitute a Nomination and Remuneration Committee of Directors. The Company already constituted Remuneration Committee as required under Listing Agreement comprising of three non-executive Independent Directors namely, Mr. A. Ghosh, (Chairman), Mr. B.K. Goswami and Mr. Amit Chowdhuri.

In order to align with the provisions of the Companies Act, 2013 and the amended Listing Agreement from time to time, the Board in its meeting held on 24 May 2014 changed the nomenclature of the "Remuneration Committee" as "Nomination and Remuneration Committee" and reconstituted the Committee with revised terms of reference with existing three non-executive Independent Directors as members of the Committee.

This Committee and the Policy is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the Listing Agreement.

II. OBJECTIVE

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 lay down evaluation criteria for the performance of the Directors, including Independent Directors.
- c) To lay down evaluation criteria for the performance of the Board.
- d) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

III. DEFINITIONS

_ "Board" means Board of Directors of the Company.

_ "Company" means "B&A Limited."

_ "Employees' Stock Option" means the option given to the directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.

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

_ “Key Managerial Personnel” (KMP) or “Key Management Staff” means

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

(ii) Company Secretary,

(iii) Whole-time Director,

(iv) Chief Financial Officer

_ “Nomination and Remuneration Committee” shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Agreement.

_ “Policy or This Policy” means, “Nomination and Remuneration Policy.”

_ “Remuneration” means any money or its equivalent paid /passed/ approved to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

_ “Senior Management” means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the whole time directors, including all the functional heads.

IV. INTERPRETATION

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, Listing Agreement and/or any other SEBI Regulation(s) 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 and Key Management Staff of the quality required to run the Company successfully

- Relationship linked with the performance and meets appropriate performance benchmarks set by the Board/Committee.

- Remuneration to Directors, Key Managerial Personnel 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 which will ensure achievements of its goals.

VI. ROLE OF THE COMMITTEE

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

- a) To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- b) Formulate criteria for evaluation of Non-Executive, Executive and Independent Directors and the Board of Directors.
- c) Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- d) To recommend the Board on evaluation of every Director's performance.
- e) To recommend to the Board the appointment and removal of Directors and Senior Management.
- f) To recommend to the Board policy relating to remuneration pay-scale of Directors, Key Managerial Personnel and Senior Management.
- g) Ensure that level and composition of remuneration is reasonable and commensurate with industry standards, linked with performance and meets appropriate performance benchmarks.
- h) To devise a policy on Board diversity.
- i) To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- j) To perform such other functions as may be necessary or appropriate for discharge of its duties.

VII. MEMBERSHIP

- a) The Committee shall be comprised of at least three (3) Directors, all of whom shall be non-executive Directors with at least half shall be Independent Directors.
- b) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirement.
- c) Minimum two (2) members shall constitute a quorum for the Committee meeting.
- d) Membership of the Committee shall be disclosed in the Annual Report of the Company.
- e) Term of the Committee shall continue unless terminated by the Board of Directors.
- f) The Company Secretary of the Company will act as Secretary of the Committee.

VIII. CHAIRMAN

- a) Chairman of the Committee shall be an Independent Director.
- b) Chairperson of the Company may be appointed a member of the Committee but shall not Chair 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 should be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

IX. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required or as may be decided by the Chairman of the Committee.

X. 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 Secretary of the Committee will not be entitled to be present when his or her own remuneration is discussed at a meeting or when his or her own performance is being evaluated.

c) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

XI. VOTING

a) Matters arising for determination at Committee meetings shall be decided by votes of Members present and while majority decision will prevail 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.

XII. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

- **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 for 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.

- **Term / Tenure:**

1. Managing Director/Whole-time Director/Manager (Managerial Person):

- The Company shall appoint or re-appoint any person as its Managerial Person for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of respective terms.

2. 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 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.

- **Evaluation:**

The Committee shall evaluate of performance of every Director at the time of reappointment and KMP and Senior Management on yearly basis in line with the methodology as described in ***Annexure.***

- **Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, and 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 subject to the provisions and compliance of the said Act, rules and regulations.

- **Retirement:**

The Directors, KMP and Senior Management Staff shall retire as per the applicable provisions of the Companies Act, 2013 and as per provisions of the Articles of Association of the Company. The Committee may recommend to the Board for retention of any Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

XIII. PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSON, KMP AND SENIOR MANAGEMENT

- **General:**

1. The remuneration / compensation / commission etc. to Managerial Person, 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 Managerial Person shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

3. Yearly 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 Managerial Person. Increments will be effective from the date of reappointment in respect of Managerial Person and 1st April in respect of other employees of the Company.

4. Where any insurance is taken by the Company on behalf of its Managerial Person, KMP 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 to Managerial Person, KMP and Senior Management:**

1. Fixed pay:

Managerial Person, KMP and Senior Management 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 Managerial Person in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, prior approval of the Central Government will have to be obtained.

3. Provisions for excess remuneration:

If any Managerial Person 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.

- ***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.

3. Limit of Remuneration /Commission:

Remuneration /Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

4. Stock Options:

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

XIV. MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be minuted and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting. Minutes of the Committee meeting will be tabled at the subsequent Board and Committee meeting. If any recommendation/suggestion made by the Committee on appointment, reappointment, removal, performance evaluation or remuneration of any Director, KMP or Senior Management Staff is not accepted by the Board, it should be recorded in the meeting of the Board with reasons thereof.

XV. DEVIATIONS FROM THIS 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.

The performance of every Director will be evaluated during the time of reappointment. However performance evaluation of Executive Directors and KMP should be done on annual basis. The Committee shall recommend the Board on the performance evaluation of every Director and KMP. On the basis recommendations made by the Committee, the Board will carry the necessary evaluation. The evaluation of each director will be done on Peer Review Basis, i.e. evaluation of each director will be done by the directors other than the one being evaluated.

• Evaluation of Individual Directors

1. Performance of Managing/Whole Time Director

The performance evaluation of Managing/Whole Time Director of the company should be done by all the directors. The Board parameters for reviewing the performance of Managing/Whole Time Directors are:

- Achievement of Financial/business targets prescribed by the Board.
- Developing and managing/executing business plans, operational plans, risk management and financial affairs of the organization.
- Display of leadership qualities.
- Building effective organization structure to ensure that there is management focus on key functions necessary for the organization to align with its mission and
- Managing relationship with the Board, management team, regulators, bankers industry representative and other stakeholders.

2. Performance of Non-Executive Directors

The performance of non-executive directors will be guided by the code of conduct of the company and the Board will carry out evaluation on peer review method. The Broad parameters for reviewing the performance of non-executive directors are:

- Participation at the Board/Committee meeting.
- Effective deployment of knowledge and expertise.
- Effective management of relationship with stakeholders.
- Integrity and maintaining of confidentiality.
- Independence behavior and judgment.
- Impact and influence.

3. Performance of Independent Directors

Apart from the parameters for reviewing the performance of non-executive directors as above, the independent directors should be evaluated on the following additional parameters:

- Exercise of objective independent judgment in the best interest of the company
- Ability to contribute and monitor Corporate Governance Practice.
- Adherence to code of conduct of the company applicable to independent directors.

• *Self-Evaluation of Board and Committees*

While Board evaluates its own performance on annual basis, the broad parameters for reviewing of the performance will inter-alia the following:

- Development of suitable strategies and business plans at appropriate time and its effectiveness.
- Implementation of policies and procedures.
- Size, structure and expertise of the Board.
- Oversight of the financial reporting process and internal controls.
- Willingness to spend time and effort to learn about companies business.
- Awareness about latest developments in the area of corporate governance, financial reporting, industry and market structure and conditions.

The broad parameters of self-review of the various committees of the Board, inter-alia are:

- Discharge of its functions and duties as per its terms of reference by the Board.
- Process and procedures followed for discharging its duties.
- Effectiveness of suggestions and recommendations made.
- Size, structure and expertise of the committee and
- Conduct of its meetings and procedures followed in this regard.