

Nomination & Remuneration Policy

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1. Objective

As a measure of good corporate governance and in compliance with the provisions of Section 178 of Companies Act 2013, the following policies are formulated by Northern Arc Capital Limited (the “Company”):

- a. Policy on appointment and removal of Directors, Key Managerial Personnel and Senior Management
- b. Policy on Remuneration to the Directors, Key Managerial Personnel, Senior Management and other Employees
- c. Policy on Directors Training

2. Definitions

The definitions of some of the key terms used in this Policy are as below:

- a. **“Company”** means the Northern Arc Capital Limited and its present and future subsidiaries.
- b. **“Committee(s)”** means Committees of the Board for the time being in force.
- c. **“Employee”** means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.
- d. **“HR”** means the Human Resource department of the Company.
- e. **“KMP”** refers to Key Managerial Personnel as defined under the Companies Act, 2013 and the SEBI ICDR Regulations.
- f. **“NRC”** refers to the Nomination and Remuneration Committee of Board of Directors of the Company formed in line with the Companies Act, 2013.
- g. **“SEBI ICDR Regulations”** means Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time.
- h. **“SEBI Listing Regulations”** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- i. **“Senior Management”** shall have the same meaning ascribed to it in Regulation 16(1)(d) of the SEBI Listing Regulations.

Words and expressions not defined in this Policy shall have the same meaning as contained in the Companies Act, the SEBI Listing Regulations or any other applicable laws or regulations. In case of any contradictions in the provisions of the SEBI Listing Regulations, the Companies Act or any other regulation and provisions of the Policy, the provisions of the Companies Act and the SEBI Listing Regulations will prevail over the Policy.

3. Policy for Appointment and Removal of Directors, KMPs and Senior Management

a. Appointment and Removal of Directors

- NRC shall determine the criteria for appointment to the Board of Directors and shall be vested with the authority to identify candidates for appointment as Directors. While evaluating the suitability of an individual Board member, NRC shall take into account multiple factors, including general understanding of the business, education, professional background, personal achievements, professional ethics and integrity. NRC shall also ensure that the proposed Director fulfils the fit and proper criteria laid down by the Reserve Bank of India along with the 'Fit and Proper Policy' of the Company.
- Based on the recommendation of NRC, the Board shall evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman / MD & CEO shall interact with the new member to obtain their consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made there under.
- If a Director is disqualified as per any provision mentioned in any of the applicable Act, rules and regulations thereunder or due to non-adherence to the applicable policies of the company, NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.
- The Company shall not appoint or employ at the same time a managing director and a manager.
- The Company shall not appoint or continue the employment of any person as managing director, manager or whole time director who is below the age of twenty-one years or has attained the age of seventy-five years. Provided that the appointment of a person who has attained the age of seventy-five years or term of such person holding this position may be extended beyond the age of seventy-five 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-five years in accordance with applicable law.
- At the time of appointment of a Director it should be ensured that number of boards on which such Director serves as a director, including an alternate directorship, is restricted to twenty companies (including not more than ten public companies).
- No independent director, who resigns from a listed entity, shall be appointed as an executive / whole time director on the board of the Company, its holding, subsidiary or associate company, unless a period of one year has elapsed from the date of resignation as an independent director. The Company shall ensure that approval of shareholders for appointment or re-appointment of a person on the Board is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier.

b. Appointment and Removal of Key Management Personnel

- The authority to identify right candidates for the appointment of Chief Finance Officer (CFO) and Company Secretary (CS) shall be vested with the MD & CEO. HR shall facilitate MD & CEO towards identifying the candidates internally or externally. NRC shall consider

the candidates proposed by the MD & CEO and recommend to the Board for its consideration and appointment in accordance with the applicable provisions of the act and rules.

- In case of MD & CEO's appointment, NRC shall initiate the process of identifying the new candidate, which can be an internal or external candidate, for the respective position. After identification and screening of the candidate, NRC shall propose the candidature to the Board for its consideration and for appointment subject to the approval of the Shareholders.
- If a KMP is disqualified as per any provision mentioned in any of the applicable Act, rules and regulations thereunder or due to non-adherence to the applicable policies of the company, NRC may recommend to the Board with reasons recorded in writing, removal of a KMP subject to the compliance of the applicable statutory provisions.

c. Appointment and Removal of Senior Management

- The Senior Management personnel are appointed and removed/relieved with the authority of MD & CEO based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed/relieved during a quarter shall be presented to the Board as part of an update on Corporate Governance.

Continuation of Directors (applicable from April 1, 2024):

The continuation of a Director serving on the Board of the Company shall be subject to the approval by the shareholders in a general meeting at least once in every five years from the date of their appointment or reappointment, as the case may be. Provided that the requirement specified herein shall not be applicable to:

- i. the whole-time director, managing director, manager, independent director or a director retiring in accordance with the Act, if the approval of the shareholders for the reappointment or continuation of the aforesaid directors or manager is otherwise provided for by the provisions of the SEBI Listing Regulations or the Act, and has been complied with;
- ii. the director appointed pursuant to the order of a court or a tribunal;
- iii. a nominee director of the government on the Board;
- iv. a nominee director of a financial sector regulator on the Board;
- v. a director nominated by a financial institution registered with or regulated by the Reserve Bank of India under a lending arrangement in its normal course of business or nominated by a debenture trustee registered with the Securities and Exchange Board of India under a subscription agreement for the debentures issued by the Company.

Vacancy in the office of the Chief Executive Officer, Managing Director, Whole Time Director or Manager

Any vacancy in the office of chief executive officer, managing director, whole time director or manager shall be filled by the Company at the earliest and in any case not later than three months from the date of such vacancy. Provided that the Company shall not fill such vacancy by appointing a person in interim capacity, unless such appointment is made in accordance with the law applicable in case of a fresh appointment to such office and the obligations under such applicable laws are made applicable to such person.

Vacancy in the office of a Director

Any vacancy in the office of a Director shall be filled by the Company at the earliest and in any case not later than three months from the date such vacancy. Provided that if the Company becomes non-compliant with the requirement under the SEBI Listing Regulations, due to expiration of the term of office of any Director, the resulting vacancy shall be filled by the Company not later than the date such office is vacated. Provided further that this shall not apply if the composition of the Board is compliant with the requirements of the SEBI Listing Regulations without filling the vacancy.

Vacancy in the Office of the Chief Financial Officer

Any vacancy in the office of the chief financial officer shall be filled by the Company at the earliest and in any case not later than three months from the date of such vacancy. Provided that the Company shall not fill such vacancy by appointing a person in interim capacity, unless such appointment is made in accordance with the laws applicable in case of a fresh appointment to such office and the obligations under such laws are made applicable to such person.

Vacancy in the office of a Compliance Officer

Any vacancy in the office of the compliance officer shall be filled by the Company at the earliest and in any case not later than three months from the date of such vacancy. Provided that the Company shall not fill such vacancy by appointing a person in interim capacity, unless such appointment is made in accordance with the law applicable in case of a fresh appointment to the office of the compliance officer and the obligations under such applicable laws are made applicable to such person.

4. Policy on Remuneration to Directors, KMPs, Senior Management Personnel & other Employees

a. Remuneration to Non-Executive Directors

- NRC shall decide the basis for determining compensation, both fixed and variable, for Non-Executive Directors, including Independent Directors, whether as commission or otherwise. NRC shall take into consideration various factors such as Director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as NRC may consider deemed fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Companies Act and the rules made thereunder, subject to the approval of the Shareholders.

b. Remuneration Executive Directors

- Remuneration, both fixed and variable, to Executive Directors, MD & CEO shall be recommended by NRC to the Board and shall be paid as salary, commission, performance bonus, perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation shall be determined at the time of their appointment, the variable compensation and increment shall be determined annually by NRC based on performance. The Company may also grant stock options to Executive Directors, subject to the compliance of the applicable statutes and regulations and approval of the NRC and Board.

c. Remuneration to KMP, Senior Management Personnel and other Employees

- The overall remuneration to employees shall include fixed component (guaranteed pay) and variable component (performance pay).
- The remuneration for KMPs - CFO and CS shall be proposed by the MD & CEO to NRC, consistent with the strategy of the Company and their qualifications, experience, roles and responsibilities. Pursuant to the provisions of Section 203 of the Companies Act 2013, the Board shall approve the remuneration at the time of their appointment.
- Remuneration for new employees other than KMPs and Senior Management Personnel shall be decided by HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.
- The Company shall follow an extensive annual performance management system to review the performance of the employees / Senior Management and provide rewards on the basis of meritocracy.

The Cost-to-Company (CTC) shall reviewed once annually and the compensation strategy for positioning of individuals shall take into consideration the following elements:

- Performance
- Potential
- Criticality of role
- Responsibilities undertaken

Eligible employees shall be rewarded with an annual increment and variable bonus. This annual increment and variable bonus shall be based on the performance of the Company, the annual performance appraisal of the employee during the financial year and general industry trends, etc.

The annual increment and variable bonus for the Senior Management/employees shall be proposed by Chief People Officer, discussed with and approved by the MD & CEO.

Post obtaining approval from the MD & CEO, the Chief People Officer shall make a presentation to the NRC on the proposed annual increments and variable bonus.

The stock option grants to the employees shall be approved by the NRC based on the recommendation of the Chief People Officer and the MD & CEO.

5. Policy on awareness training to the Independent Directors

The Independent Directors at the time of their co-option shall be provided with a personal orientation by the Senior Management. They shall also be provided with the material/literature regarding the Company's business and its operations, governing documents, information on key personnel and financial information to familiarize them with the Company. Their appointment letter shall provide their roles and responsibilities in the Company. The quarterly Board Meetings shall contain an agenda item on 'Business Updates' which shall provide development in the business strategy of the Company

among others. The Chairman depending on the business needs may also nominate Independent Directors for relevant external training programs.

6. Policy Review

This Policy may be amended, modified or supplemented from time to time. The Policy shall be reviewed every year by the Board of Directors of Company or whenever there is a significant change in the Policy, on the recommendation of NRC.

However, NRC shall have the authority to change the Evaluation Form at any time during the year with the objective of seeking more inputs from the Individual Directors.