

Mancherial Repallewada Road Private Limited

NOMINATION AND REMUNERATION POLICY

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1. Background

Mancherial Repallewada Road Private Limited (hereinafter referred as the 'Company') practices a corporate culture that is based on the tenets of trusteeship, empowerment, accountability, control and ethical practices with transparency at its core for creation of maximum value for stakeholders.

2. Applicability

The Nomination and Remuneration Policy ("**the Policy**") applies to the core management team of the Company, that is:

- i. The Board of Directors ("**Board**");
- ii. The Key Managerial Personnel ("**KMP**"); and
- iii. The Senior Management personnel – members of management team one level below executive directors, including functional heads, which are otherwise not covered at 'i' and 'ii', above.

3. Overview of provisions of the Companies Act 2013

- Section 178 and Companies (Meetings of Board and its Powers) Rules 2014
 - o The Company constitutes a Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half shall be independent directors. Provided that the chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but not as chairperson of such Committee.
 - o The Nomination and Remuneration Committee shall identify 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; and
 - o The Nomination and Remuneration Committee shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by and independent external agency and review its implementation and compliance.

- o 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.
- o The Nomination and Remuneration Committee shall, while formulating the policy 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;
 - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - 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 and its goals.

4. Terms of Reference

- o 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.
- o Identify persons who are qualified to become directors in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- o Removal should be strictly in compliance with applicable laws and on principles of natural justice.
- o To provide for a mechanism to evaluate performance of Board, its committees and individual directors.
- o Recommend to the Board, remuneration including salary, perquisite and commission to be paid to the Company's Executive Directors on an annual basis or as may be permissible by laws applicable.
- o Recommend to the Board, Sitting Fees payable for attending meetings of the Board/ Committee(ies) thereof and any other benefits such as Commission, if any, payable to the Non- Executive Directors.

- o Setting the overall Remuneration Policy and other terms of employment of Directors, wherever required.

5. Criteria for Appointment of Directors, KMPs and Senior Management

➤ Qualifications for appointment of Directors

- o A director shall be a person of eminence with significant achievements in business, professions and/or public service.
- o A director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, technical/ management expertise, marketing, research, corporate governance, expertise in Infrastructure domain or other disciplines related to meet the objectives of the Company.
- o The Nomination and Remuneration Committee may at its discretion prescribe any other criteria or norms for selection of the most suitable candidates.

➤ Positive attributes of Directors

- o A director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity and values of the Company; act objectively and constructively; ability to handle conflict constructively; exercise his responsibilities in a bona-fide manner in the best interest of the Company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the Company.
- o Assists in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
- o Assists in protecting legitimate interests of the Company, its shareholders and employees.
- o An Independent Director should meet 'Independence' criteria laid down under the Companies Act, 2013.

➤ For appointment of KMP/Senior Management

- o A person of high ethical standards of integrity and probity; qualification, expertise and experience to effectively discharge his duties and responsibilities in the best interests of the Company.
- o Practices and encourages professionalism and transparent working environment.
- o Builds team and carries the team along for achieving goals of the Company.
- o Adheres to the Code of Conduct of the Company.

Note: Appointments of directors and KMPs to be made in compliance with procedure and provisions laid down under the Companies Act, 2013.

6. Policy for remuneration of Directors, KMPs and Senior Management

- o The Remuneration Policy reflects on certain guiding principles of the Company such as aligning remuneration with the longer-term interests of the Company and its shareholders, promoting a culture of meritocracy and creating a linkage to corporate and individual performance, and emphasizing line expertise and market competitiveness so as to attract the best talent. It also ensures the effective recognition of performance and encourages a focus on achieving superior operational results.
- o To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the directors, Key Managerial Personnel and other employees of the caliber required to run the Company successfully and promote a culture of meritocracy.
- o The trend prevalent in the similar industry, nature and size of business is kept in mind and given due weightage to arrive at a competitive quantum of remuneration.
- o Improved performance should be rewarded by increase in remuneration and suitable authority for value addition in future.
- o The Board, on recommendation of the Nomination and Remuneration Committee shall review and approve remuneration to be paid to Directors, including remuneration to be paid in case of absence or inadequacy of profits within the overall limits provided under the Act.
- o Following criteria are also to be considered:
 - Responsibilities and duties;
 - Time and efforts devoted;
 - Value addition;
 - Analysing each and every position for deciding remuneration yardstick;
 - Standards for certain functions where there is a scarcity of qualified resources.
 - Profitability of the Company and its growth;
 - Ensuring tax efficient remuneration structures.
 - Ensuring that remuneration structure is simple and inflated cost to the Company (CTC) is not shown.
 - Other criteria as may be applicable.
- o Provisions of law in connection with payment of remuneration are complied.

- o No director / KMP/ other employee should be involved in deciding his or her own remuneration.
- o In case of deviation from the Policy, if any, proper justification/reasons should be recorded in writing.

7. Evaluation of Board structure and Performance

NRC, Independent Directors and the Board, shall review on an annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience that is relevant for the Company's operations.

8. Review

The policy shall be reviewed by the Nomination and Remuneration Committee and the Board, from time to time as may be necessary.
