

NOMINATION AND REMUNERATION POLICY

INTRODUCTION

This Nomination and Remuneration Policy ("Policy") is being formulated in compliance with Section 178 of the Companies Act, 2013 read with the applicable rules thereto, as amended from time to time and Regulation 19 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). This policy is applicable to the Directors, Key Managerial Personnel and Senior Management of the Company.

(A) Definitions

'Act' means Companies Act, 2013

'Board' means Board of Directors of the Company.

'Directors' means Directors of the Company.

'Committee' means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act.

'Company' means Eldeco Housing and Industries Limited

'Independent Director' means a Director referred to in Section 149(6) of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Director) Rules, 2014.

'Key Managerial Personnel (KMP)' means—

- i) the Chief Executive Officer or the managing director or the manager;
- ii) the Company Secretary;
- iii) the wholetime director;
- iv) the Chief Financial Officer; and
- v) such other officer as may be prescribed

'Senior Management' shall mean officer/personnel of the Company who are members of its core management team excluding Board of Directors and normally this shall comprise all members of management one level below the Chief Executive Officer/ managing director/whole time director/manager including chief executive officer/functional heads, in case they are not part of the board) and shall specifically include company secretary and chief financial officer

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Act and listing Regulations as may be amended from time to time shall have the meaning respectively assigned to them therein.

(B) Objective and Purpose of Nomination and Remuneration Policy

The objectives and purpose of Policy is as under:

- formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

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- formulation of criteria for evaluation of performance of independent directors, the board of directors, its committee(s) and individual directors;
- devising a policy on diversity of board of directors;
- Laying down the criteria for identifying persons who are qualified to become directors and who may be appointed in senior management and recommend to the Board for their appointment and removal.
- whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- recommend to the Board, all remuneration, in whatever form, payable to Senior Management.

(C) Composition of the Committee

a) The Board shall constitute the Committee as follows:

- the Committee shall comprise of at least three directors;
- all directors of the committee shall be non-executive directors; and
- at least fifty percent of the directors shall be independent directors.

b) The Chairperson of the Committee shall be an Independent Director:

Provided that the chairperson of the Company, whether executive or non-executive, may be appointed as a member of the Committee but shall not chair Committee.

c) The quorum for a meeting of the Committee 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.

d) The Chairperson of the Committee may be present at the annual general meeting, to answer the shareholders' queries; however, it shall be up to the chairperson to decide who shall answer the queries.

e) The Committee shall meet at least once in a year.

(D) Criteria for appointment and removal of Directors, KMPs and Senior Management

(a) 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 Senior Management level and recommend the profile to the Board for their appointment as and when required.
2. The Company shall not appoint or continue the employment of any person as Managing Director or Whole-time Director who is below the age of twenty-one years or has attained the age of seventy years. Provided that the terms 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 appointment beyond seventy years.

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3. A KMP of the Company shall not hold office in more than one Company except in its Subsidiary company at the same time. However, a KMP can be appointed as a Director in any company, with the permission of the Board.

(b) Term/Tenure

1. Managing Director/Whole-time Director

The Company shall appoint or re-appoint any person as its Managing Director, Whole-time Director or Manager for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

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 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 of 5 years each, 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.

(c) Removal

Due to reasons for any disqualification mentioned in the Act and rules made thereunder or under any other applicable laws or as per the prevailing policy of the Company, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director or KMP subject to the provisions and compliance of the said Act 85 rules.

(d) Retirement

The KMP, Senior Management personnel and other employees shall retire as per the prevailing policy of the Company.

(E) Basis of remuneration for Directors, KMPs and Senior Management

(a) Remuneration to Managing Director/Whole-Time Directors:

1. The Remuneration/ Commission etc., to be paid to Managing Director/Whole-time Directors shall be governed as per provisions of the Act and rules made thereunder or any other enactment for the time being in force and the approvals obtained from the Shareholders of the Company.
2. The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director/Whole-time Directors.
3. Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders.

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(b) Minimum remuneration to Managing Director

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

(c) Remuneration to KMPs and Senior Management

The guidelines for remuneration payable to the employees are as follows:

(i) Annual Remuneration

Annual remuneration refers to the annual compensation payable to the employees of the Company. This comprises two parts- a fixed component and a special incentive in case of some exceptional performance.

The objective is to set the total remuneration at levels to attract, motivate, and retain high-caliber and high potential personnel in a competitive global market. The total remuneration level is to be reset annually based on a comparison with the relevant peer group globally, established through independent compensation surveys, from time to time.

(ii) Stock Option

The Independent Directors shall not be entitled to any Employee Stock Option Scheme ("ESOP") of the Company whereas Managing Director, Whole-time Directors, KMPs, Senior Management and other employees may be entitled to the ESOP of the Company based on their performance.

(d) Remuneration to Non-Executive/Independent Directors

Non-executive /Independent Directors shall receive the reimbursement, if any for the expenditure incurred in connection with the business of the Company and in connection with attending meetings of the Board. Non-executive Directors shall not be entitled to any performance based incentives or bonus payments.

(F) Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee

The following matters shall be dealt with by the Committee:-

a. Size and composition of the Board:

Periodically reviewing the size and composition of the Board to have an appropriate mix of executive and independent Directors to maintain its independence and separate its functions of governance and management and to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company;

b. Directors:

Formulate the criteria determining qualifications, positive attributes and independence of a Director and recommend candidates to the Board when circumstances warrant the appointment of a new Director, having regard to qualifications, integrity, expertise and experience for the position.

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c. Succession plans:

Establishing and reviewing Board KMP and Senior Management succession plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management.

d. Evaluation of performance:

- (i) Make recommendations to the Board on appropriate performance criteria for the Directors.
- (ii) Formulate the criteria and framework for evaluation of performance of every Director on the Board of the Company or engage with a third party facilitator in doing so.

e. Board diversity:

The Committee is to assist the Board in ensuring the Board nomination process is in line with the diversity policy of the Board relating to gender, thought, experience, knowledge and perspectives.

Policy Review

This Policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder and the requirements of Listing Regulations with the Stock Exchanges. In case of any subsequent changes in the provisions of the Act which makes any of the provisions in the policy inconsistent with the Act, then the provisions of the Act would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with the law.

This policy shall be reviewed by the Committee as and when changes are to be incorporated in the policy due to change in the Act or as may be felt appropriate by the Committee. Any changes or modification on the policy will be recommended by the Committee for the approval of the Board.

w.e.f. 29th May, 2019