

BNR UDYOG LIMITED
NOMINATION AND REMUNERATION POLICY

This Nomination and Remuneration Policy of BNR Udyog Limited, (“the Policy”) has been formulated in accordance with the provisions of the Companies Act, 2013 (“the Act”) and the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (“the Listing Regulations”) as amended from time to time. The Policy outlines the role of the Nomination and Remuneration Committee and the Board of BNR Udyog Limited in, *inter alia*, determining the criteria for Board membership, approving, and recommending compensation packages and policies for Directors and Senior Management, and laying down the effective manner of performance evaluation of the Board, its Committees, and the Directors.

OBJECTIVE

The Nomination and Remuneration Committee of BNR Udyog Limited is a Board Committee. Following shall be the broad responsibilities of the Nomination and Remuneration Committee (“the Committee”):

A. Board membership:

- a. To formulate the criteria for determining qualifications, positive attributes, and independence of a Director;
- b. To determine the composition of the Board based on the needs and requirements of the Company from time to time;
- c. To identify the persons as potential candidates who are qualified to be appointed as Directors and recommend to the Board their appointment and removal;
- d. To evaluate the balance of skills, knowledge, and experience on the Board and on the basis of such evaluation, prepares a description of the role and capabilities required of an independent director, and thereafter recommend the person to the Board for appointment as an independent director.

B. Performance Evaluation of Board, Committee and Directors:

- a. To lay down the process for effective evaluation of the performance of the Board, its Committees, and individual Directors and review its implementation and compliance;
- b. To review the outcome of the performance evaluation exercise for the Board and its Committees and present its analysis and recommendations to the Board;
- c. To evaluate the requirement for appointing an external independent agency to carry out the performance evaluation of the Board, its Committees, and Directors and make necessary recommendations to the Board.

C. **Remuneration to Directors & Senior Management:**

- a. To approve persons to be recruited in the Senior Management and recommend to the Board their appointment and removal;
- b. To ensure that the compensation packages and other human resource practices are effective in maintaining a competent workforce and make recommendations relating to compensation of the Managing Director, Whole time Directors, and the Senior Management of the Company from time to time.

CONSTITUTION

The Committee shall comprise at least three Directors, all of whom shall be non-executive directors, and at least half shall be Independent Directors, the Chairperson being an Independent Director. The Chairperson of the Committee or in case of his/her absence, any other person authorized by him/her shall attend the general meetings of the Company. The quorum for the meeting 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. The Committee may meet, convene, and conduct Committee meetings through video conferencing or other audio-visual means, as may be provided by the Company.

MEANING OF TERM USED

- a. “**Act**” means the Companies Act, 2013 including the rules, schedules, clarifications, notifications, circulars, and guidelines issued by the Ministry of Corporate Affairs and any amendment thereto and/or modification thereof from time to time.
- b. “**Listing Regulations**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and any amendment thereto and/or modification thereof from time to time.
- c. “**Board**” refers to the Board of Directors of BNR Udyog Limited.
- d. “**Company**” or BNR Udyog refers to BNR Udyog Limited pursuant to this Policy, having its Registered Office at 6-3-650, 218, 2nd Floor, Maheshwari Chambers, Somajiguda, Hyderabad, 500082 Telangana.
- e. “**Senior Management**” shall comprise such members of the management who are reporting to the Managing Director & CEO (forming part of the President, Vice President, and Associate Vice President cadres) and includes functional heads by whatever name called, and the Company Secretary and the Chief Financial Officer of the Company.
- f. “**Rules**” means Companies (Meetings of Board and its Powers) Rules, 2014 including any modifications and/or amendments thereof from time to time).

Words and expressions used and not defined in this Policy but defined in the Act or the Listing Regulations shall have the same meanings respectively assigned to them in the Act or the Listing Regulations.

ROLE AND RESPONSIBILITY

The role and responsibility of the Committee shall be to undertake specific duties listed below and it will have the authority to undertake such other specific duties as the Board prescribes from time to time. The below mentioned roles and responsibilities are derived from the terms of reference of the Committee as determined and approved by the Board:

A. BOARD MEMBERSHIP

1. Criteria for appointment as a Director

The Committee shall formulate criteria, and review them on an ongoing basis, for determining qualifications, skills, expertise, qualities, and positive attributes required to be a Director of the Company. The criteria to be formulated need to be not only beneficial to the Company but also will need to consider the qualities, including independence for Independent Directors, and expertise essential for the Company to operate going forward and in a changing business environment.

Following are the criteria recommended by the Committee and approved by the Board for nominating/inducting a Director on the Board of the Company:

- a. composition of the Board, taking into consideration the size of the Company and the requirement of law;
- b. diversity on the Board;
- c. optimal balance of skills and relevant experience, professional qualifications;
- d. expertise and experience in a specific area of business;
- e. no present or potential conflict of interest;
- f. availability of time and other commitments for proper performance of duties;
- g. personal characteristics in line with the Company's values, such as integrity, honesty, and transparency; and
- h. any other criteria which may be added by the Board at its discretion.

2. Identify persons as potential candidates who are qualified to be Directors

The Committee shall identify persons who are qualified to become Directors and who satisfy the criteria laid down. The process of identification shall include ascertaining, meeting, screening, and reviewing candidates for appointment as Directors, whether Independent, Non-Executive, or Executive. The existing Directors who continue to satisfy the criteria may also be considered by the Committee for re-appointment. The re-appointment of Directors shall be

recommended by the Committee after taking into consideration the performance of such a Director.

3. Nomination of candidates for approval of the Board

The Committee on the satisfaction of a potential candidate meeting the criteria and having completed the identification and selection process, will recommend such persons' candidature to the Board for appointment as a Non-Executive Director or Independent Director or Executive Director, as the case may be.

The Committee may, *inter alia*, recommend the candidates to the Board when:

- Any vacancy in the Board is required to be filled due to retirement or resignation or;
- Any vacancy arising out of the annual Board/Director performance evaluation or;
- Any vacancy as a result of the end of tenure in accordance with the Act, Rules, and the Listing Regulations or;
- Any change required in the Board on account of diversity or;
- Any change required by law.

B. PERFORMANCE EVALUATION OF BOARD, COMMITTEE(S), AND DIRECTOR(S)

1. Process for effective evaluation of the performance of the Board, its Committee(s), and individual Director(s) and review its implementation and compliance

The Committee shall determine a process for evaluating the performance of every Director, Committees of the Board, and the Board as a whole on an annual basis. The Committee shall also review its own performance on an annual basis. The Committee may seek the support and guidance of external experts and agencies for this purpose.

2. Evaluate the performance of the Managing Director or Whole-time Director

The Committee shall evaluate the performance of the Managing Director annually by setting his Key Performance Objectives or Key Performance Parameters at the beginning of each financial year. The Committee shall ensure that his Key Performance Objectives are aligned with the immediate and long-term goals of the Company.

C. APPOINTMENT OF SENIOR MANAGEMENT

Approval of candidates for Senior Management positions:

The Committee shall lay down criteria including qualifications, skills, expertise, and qualities required for Senior Management positions. The Committee feels that it would be appropriate for the management to consider and evaluate internal as well as external candidates for such senior positions. The Committee shall play a consultative role to the Board and make recommendations to the Board regarding the appointments and changes to the Senior Management positions of the Company, basis the recommendation of the Managing Director & CEO.

D. REMUNERATION OF DIRECTORS, SENIOR MANAGEMENT & EMPLOYEES

1. Remuneration to Executive Directors

The Committee shall also approve the compensation package of the Managing Director or Executive Director(s). The compensation structure shall include basic salary, perquisites, stock options, commission, etc. The Committee shall ensure that the compensation packages are in accordance with applicable law, in line with the Company's objectives, shareholders' interests, with industry standards, and have an adequate balance between fixed and variable components. All the recommendations of the Committee shall be referred to the Board for approval and thereafter to the shareholders if required under the law.

2. Remuneration to the Non-Executive Directors

The Committee shall recommend the Commission payable to the Non-Executive Directors, including Independent Directors, after reviewing payments made to similar sized, successful companies. At present, there will be a base commission payable to all such directors. An additional amount would be payable for serving as Chairperson of the Board and/or for memberships of Committees/Chairpersonships of Committees. The Committee may consider recommending commission payable to Directors after taking into account their contribution to the decision making at meetings of the Board/Committees, participation, and time spent as well as providing strategic inputs and supporting the highest level of Corporate Governance and Board effectiveness. It shall be within the overall limits fixed by the shareholders of the Company. The Directors (except the Executive Director) will be paid sitting fees for attending the meetings of the Board and its Committees. The Committee shall recommend any changes to the quantum of sitting fees to the Board from time to time within the limits prescribed under the law.

3. Remuneration to Senior Management

The Committee shall review the performance of the Senior Management of the Company, as presented by the Managing Director & CEO.

The Committee shall also be provided with an annual overview of the remuneration payable to Key Managerial Persons as defined under the Act and Senior Management of the Company and recommend to the Board for its approval. The Committee shall ensure that such remuneration 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. Remuneration to other employees

Focus on productivity and pay for performance have been the cornerstone of the Company's overall remuneration policy. The Company regularly benchmarks the compensation levels and employee benefits in the market and makes necessary changes to remain consistent with the industry standards. The Committee reviews the performance management and rewards process from time to time. The remuneration structure of employees is designed on principles of fairness, transparency, and internal and external parity and involves an optimum balance of fixed and variable components.

E. COMPENSATION COMMITTEE AND ADMINISTRATOR TO ANY EMPLOYEES STOCK OPTION SCHEMES

The Committee shall play the role of the Compensation Committee in accordance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, and administer the Employee Stock Option Scheme as may be notified from time to time. The Committee shall, *inter alia*, formulate the detailed terms and conditions of the schemes, and frame suitable policies and procedures to ensure compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 (as amended from time to time) by the Employee trust, the Company, and its employees, as applicable.

POWER OF THE COMMITTEE

The Committee shall have, *inter alia*, the following powers:

- Conduct studies or authorize studies of issues within the scope of the Committee with full access to all books, records, facilities, and personnel of the Company.
- Retain or seek advice of consultants and experts for the performance of their role under this Policy and the costs relating thereto shall be borne by the Company.

- Delegate its powers or form sub-committees to perform any of its functions or roles under this Policy, subject to the approval of the Board.

MEETINGS

The Committee shall meet at least once in six months. Additional meetings may happen as the Committee deems it appropriate. Minutes of the meeting shall be circulated to the Committee. The Committee shall report to the Board regarding its actions and make necessary recommendations to the Board. The Committee shall be governed by the same rules regarding meetings as are applicable to the Board.

MINUTES

The Committee will maintain minutes of its meetings, including formal telephonic meetings, which will be filed with the minutes of the meetings of the Board.

AMENDMENTS TO THE POLICY

The Company is committed to continuously reviewing and updating its policies and procedures. Therefore, this Policy is subject to modification. The Board shall review this Policy once in three (3) years. This Policy and every subsequent modification, alteration, or amendment made thereto, shall be promptly disclosed on the Company's website at www.bnrul.com

In case of any amendment(s), clarification(s), circular(s), etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. will prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.
