

INDUS FILA LIMITED

Nomination and Remuneration Policy

Effective Date: 01-04-2024

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1. INTRODUCTION

Pursuant to Section 178 of the Companies Act, 2013, as amended ("**the Act**") the Board of Directors of every listed public company and the companies covered under rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 19 read with Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**the Listing Regulations**"), shall constitute the Nomination and Remuneration Committee ("**NRC**") and formulate the policy relating to the remuneration for the Directors, Key Managerial Personnel, Senior Management and other Employees.

Accordingly, the Board of Directors of the Company has adopted this Policy at its Board Meeting held and based on the recommendation of the NRC.

2. OBJECTIVE

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and senior management.
- To specify the manner for evaluation of the performance of the Board, the Committees and individual Directors and submit necessary reports for further evaluation from the Board.
- To recommend to the Board the remuneration to payable to the Directors, Key Managerial Personnel and senior management.
- To provide for Board diversity.
- To provide to Key Managerial Personnel and Senior Management Personnel reward linked directly to their efforts, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial personnel and create competitive advantage.
- To develop a succession plan for the Board and to regularly review the plan.
- To provide a framework for remuneration of members of the Board, Key Managerial Personnel, Senior Management and other employees of the Company.

3. DEFINITIONS

'Act' means the Companies Act, 2013 as may be applicable and Rules framed thereunder, as amended from time to time.

'Board' means the Board of Directors of the Company.

'Company' means IndUS Fila Limited.

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

'Directors' means Directors on the Board of the Company.

‘Executive Directors’ means Whole-Time Directors of the Company.

‘Independent Director’ means a Director referred to in Section 149(6) of the Act and the rules made thereunder.

‘Key Managerial Personnel (‘KMP’)’ means

- Chief Executive Officer or the Managing Director or the Manager;
- Whole-Time Director;
- Chief Financial Officer;
- Company Secretary;
- Senior Management Personnel designated as such by the Board; and
- Such other officer as may be prescribed.

“Management” means Executive Director, KMP and Senior Management Personnel

‘Senior Management Personnel’ means officers/personnel of the Company who are members of its core management team excluding the Board of Directors and normally this shall comprise all members of the Management one level below the Chief Executive Officer/Managing Director/Whole Time Director/Manager (including Chief Executive Officer/Manager, in case they are not part of the Board), including functional head 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 the Listing Regulations, as may be amended from time to time shall have the same meaning assigned to them therein.

4. ROLE OF NOMINATION AND REMUNERATION COMMITTEE

Role of the Nomination and Remuneration Committee would *inter alia* include the following:

- To identify persons who are qualified to become Directors and persons who may be appointed in Key Managerial and Senior Management Personnel positions in accordance with the criteria laid down as approved by the Board. To carry out the evaluation of every Director's performance.
- To formulate the criteria for determining qualifications, positive attributes and independence of a director.
- To recommend to the Board a policy, relating to the remuneration for the Directors, KMP, senior management and other employees.
- For every appointment of an Independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - a. use the services of an external agencies, if required;
 - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c. consider the time commitments of the candidates.

- Periodically reviewing the size and composition of the Board to have an appropriate mix of Executive, non-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. The Committee shall also assist the Board in ensuring the Board nomination process is in line with the diversity policy of the Board relating to differences in thought, perspective, regional and industry experience, cultural and geographical background, age, ethnicity, race, gender, knowledge and skills.
- Devising a policy on diversity of Board of Directors.
- Formulation of criteria for evaluation of performance of Independent Directors and the Board.
- Analysing, monitoring and reviewing various human resource and compensation matters.
- Determining the Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment, and determining remuneration packages of such Directors.
- identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.
- Whether to extend or continue the term of appointment of an 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 Personnel and other staff, as deemed necessary;
- The Committee while formulating the Policy to ensure that:
 - a. 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;
 - b. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c. Remuneration to Directors, KMP and Senior Management Personnel 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.
- To perform such functions as are required to be performed by NRC under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended, including the following:
 - a. administering any employee stock option schemes (the "**Plans**");
 - b. determining the eligibility of employees to participate under the Plans;
 - c. granting options to eligible employees and determining the date of grant;
 - d. determining the number of options to be granted to an employee;
 - e. determining the exercise price under the Plans; and
 - f. construing and interpreting the Plans and any agreements defining the rights and obligations of the Company and eligible employees under the Plans, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the Plans.

- To perform such other functions as may be necessary or appropriate for the performance of its duties and such other matters as the Board may from time to time request the Committee to examine and recommend / approve.

5. COMPOSITION OF THE COMMITTEE AND PROCEDURE

a. Members:

- The Committee shall consist of minimum 3 Directors, at least two-thirds shall be Independent Directors.
- all Directors of the Committee shall be non-executive Directors.
- Membership of the Committee shall be disclosed in the annual report of the Company.
- Term of the Committee shall be continued unless terminated by the Board of Directors.

b. Chairperson:

- Chairperson of the Committee shall be an Independent Director.
- Chairman of the Company may be appointed as a member of the Committee but shall not be a Chairperson of the Committee.
- In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- Chairperson of the Committee meeting shall be present at the Annual General Meeting or may nominate some other member to answer the Shareholders' queries.

c. Secretary:

The Company Secretary shall act as Secretary to the Committee.

d. Quorum:

The Quorum of Meetings of the Committee shall be a minimum of two members or one-third of the members, whichever is greater, including at least one Independent Director in attendance.

e. Frequency:

The Meeting of the Committee shall be held at least once in a year and at such regular intervals may be required under law.

f. Committee Members' Interests:

A Member of the Committee is not entitled to participate in discussion and vote, when his or her own remuneration is discussed at a Meeting or when his or her performance is being evaluated.

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

g. Voting:

Matters arising for determination at Committee meetings shall be decided by a majority of votes of members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

h. Minutes:

Proceedings of all the meetings of the Committee must be recorded in the minutes and signed by Chairperson of the said meeting or the Chairman of the next succeeding meeting. Minutes of the Committee meeting will be tabled at the subsequent meeting.

i. Invitees:

The Chairperson of the Committee may invite the Managing Director / Executive Director, or such other Executives as it may deem fit to discuss and consider the items on the agenda effectively.

6. DUTIES OF THE COMMITTEE

The duties of the Committee in relation to nomination matters include:

- Ensuring that on appointment to the Board, Independent Directors receive formal letters of appointment in accordance with the guidelines provided under the Act or the Listing Regulations;
- Determining the appropriate size, diversity and composition of the Board;
- Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board; and
- Considering any other matters, as may be requested by the Board

The duties of the Committee in relation to remuneration matters include:

- To consider and determine the Remuneration Policy, based on the performance,
- To ensure that the remuneration is reasonable and sufficient to attract, retain and motivate members of the Board and such other factors as the Committee shall deem appropriate including all elements of the remuneration of the members of the Board.

- To ensure the remuneration to the members of the Board, KMP 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.
- To delegate any of its powers to one or more of its members or the Secretary of the Committee.
- To consider any other matters as may be requested by the Board. To ensure that Professional indemnity and liability insurance cover for Directors and senior management is in place.

7. BOARD DIVERSITY

The Board shall have an optimum composition of Directors related to gender, age, expertise from different fields i.e., Finance, Law, Management, Sales, Marketing or any other areas related to the Company's business. The balance of Skills and experience along with diversity of thought, knowledge and perspective and gender will help the Company in attainment of its objectives.

8. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

• Appointment criteria and qualifications

- a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at the senior management level and recommend to the Board his/her appointment.
- b. A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has the discretion to decide whether qualification, expertise and experience possessed by a person are sufficient/satisfactory for the concerned position.
- c. 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.
- d. Appointment of Independent Directors is subject to compliance with the provisions of Section 149 of the Act, read with schedule IV and rules made thereunder.

• Term/Tenure

- a. Managing Director/Whole-time Director/Manager:

The Company shall appoint or re-appoint any person as its Managing Director or Executive Director 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.

b. **Independent Director:**

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company, subject to approval of Shareholders by passing a Special Resolution and will be eligible for re-appointment on passing of a Special Resolution by the
- Shareholders of the Company. Every appointment of an Independent Director shall be disclosed in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms of up to maximum of 5 years each in compliance of the Companies Act, 2013, 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 or such other number as may be prescribed under the Companies Act, 2013 and the Listing Regulations (as amended from time to time).
- Independent Directors shall register themselves in the databank of Independent Directors in accordance with the provisions of Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019.
- Unless exempt, the Independent Directors shall pass the online proficiency self-assessment test as per the provisions of the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019.

- **Evaluation**

The Committee shall carry out an annual performance evaluation of the Board/Committee, Chairman and Individual Directors, by itself or through the Board or an Independent External Agency and review implementation thereof.

- **Removal**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

- **Retirement**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act or as per the prevailing Policy of the Company. The Board will have the discretion to retain a Director, KMP, Senior Management Personnel in the same position/remuneration or otherwise even

after attaining the age of superannuation, for the benefit of the Company, subject to compliance with the applicable provisions of law.

9. POLICY RELATING TO THE REMUNERATION FOR THE EXECUTIVE DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

- a. The remuneration/ compensation/ commission etc. to the management 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.
- b. The remuneration and commission to be paid to the management shall be in accordance with the percentage/ limits/ conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.
- c. Increments to the existing remuneration/ compensation structure in the case of management may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders and in accordance with the provisions of Schedule V of the Act.
- d. Where any insurance is taken by the Company or its Holding Company on behalf of the Company's Executive Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary 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.
- e. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
- f. Remuneration of other KMP or Senior Management Personnel shall be as per the policy of the Company as duly approved by the Committee.
- g. Reimbursement of Expenses: The Directors would be entitled to reimbursement of expenses incurred for attending the Board/ Committee meetings and other meetings.

a. Fixed pay:

The Executive Director, KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to Provident Fund, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the Shareholders. The monthly remuneration of Senior Management Personnel shall be as per the Policy of the Company duly approved by the Committee

b. Commission:

Commission may be paid to the Executive Director, as may be applicable, within the monetary limit approved by the shareholders, subject to the limits prescribed under the applicable provisions of the Act.

c. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive Director in accordance with the provisions Schedule V of the Act.

d. Provisions for excess remuneration:

If any Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the approval required under the Act, he/ she shall refund such sums to the Company as prescribed under the Act 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 approved by the shareholder as prescribed under the Act.

10. REMUNERATION TO NON-EXECUTIVE/ INDEPENDENT DIRECTOR

a. Remuneration/ Commission:

The remuneration/commission shall be fixed as per the limits and conditions mentioned in the Articles of Association of the Company, the Act and the Listing Regulations.

In case the annual remuneration payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive Directors, it shall be subject to the approval of shareholders by special resolution.

b. 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 Rs. 1,00,000 (Rupees One Lakh only) per Meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

c. Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act and as per the criteria approved by the Board from time to time. The Board of Directors will fix the Commission payable to Directors on the basis of number of Board/Committee meetings attended during the year, chairmanships of Committees and based on contribution and participation of Directors of the Company and their involvement in Company's strategic matters.

d. Stock Options:

An Independent Director shall not be entitled to any stock option of the Company. Non-Executive Directors are eligible for Stock options in accordance with Plans formulated by the Company.

11. REVIEW AND AMENDMENT

The Policy shall be reviewed as and when required to ensure that it meets the objectives of the relevant legislation and remains effective. The Committee has the right to change/amend the Policy as may be expedient taking into account the law for the time being in force. In case of any subsequent changes in the provisions of the Companies Act, 2013 or the Regulations or other applicable regulations which makes any of the provisions in the Policy inconsistent with the Act or the Listing Regulations or other applicable regulations, then the provisions of the Act or such regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

12. ADOPTION, CHANGES AND DISCLOSURE OF INFORMATION

This Policy and any changes thereof will be approved by the Board based on the recommendation(s) of the NRC.

This Policy may be reviewed at such intervals as the Board or NRC may deem necessary.

Such disclosures of this Policy as may be required under the Act and the Listing Regulations may be made.

13. DISSEMINATION OF POLICY

A copy of this Policy shall be handed over to all Directors within one month from the date of approval by the Board. This Policy shall also be posted on the website of the Company and the details of this Policy and changes therein, including the evaluation criteria, shall be mentioned in the annual report of the Company and the Board's report.

14. PENALTY FOR NON-ADHERENCE OF THE CLAUSES OF THE POLICY

Non-adherence to any of the clause as mentioned in this Policy will attract penalty of twenty-five thousand rupees and which may extend to one lakh rupees and further may lead to imprisonment of one year as prescribed under Section 178 of the Act, and a penalty of one lakh rupees which may extend to one crore rupees as prescribed under Section 15 HB of SEBI Act, 1992, as amended.