

REAL GROWTH CORPORATION LIMITED
(Formerly known as Real Growth Commercial Enterprises Limited)

NOMINATION & REMUNERATION POLICY

I. PREAMBLE

In accordance with the provisions of the Section 178 of the Companies Act, 2013 read with Rules made thereunder and subject to any other applicable statutory /regulatory provisions, if any, the policy governs the appointment, removal and remuneration, evaluation of the Board of Directors, Committees of the Board, Directors including Independent directors, Key Managerial Personnel and Senior Management Personnel of Real Growth Corporation Private Limited (hereinafter referred to as “the Company”).

Further, Regulation 19 of the SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015 (“**LODR**”) also requires to frame this Policy, however, this regulation is not applicable on the Company in terms of Regulation 15(2) of LODR Regulation.

The Policy also disclosed the constitution and the functioning of Nomination and Remuneration Committee. The details of the Policy are outlined below:

II. OBJECTIVES

- a) To lay down the criteria to identify persons’ who are qualified to become Directors (Executive and Non-Executive Director), Key Managerial Personnel and Senior Management on the basis of which the Committee can recommend to the Board the appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) To lay down the criteria to evaluate the performance of the Board as an entity, the members of the Board, Board Committees, Key Managerial Personnel and Senior Management linked directly to their effort, performance, dedication and achievement relating to company’s operation.
- c) To define the policy for remuneration of directors, Key Managerial Personnel, senior management and other employees.
- d) To lay down guidelines to established the functional for independence of an Independent Directors.

III. GUIDING PRINCIPLES

The policy ensures 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, 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.

In the context of the aforesaid objectives, the following policy has been prepared by the Nomination and Remuneration Committee and adopted by the Board of Directors.

IV. DEFINITIONS

- a) **“Board”** means Board of Directors of the Company.
- b) **“Company”** means “Real Growth Corporation Limited”
- c) **“Independent Director”** means a director referred to in Section 149 (6) of the Companies Act, 2013 and Regulation 16(1) (b) of the SEBI LODR Regulation.
- d) **“Key Managerial Personnel” (KMP)** means
- (i) Chief Executive Officer or the Managing Director or the Manager;
 - (ii) Whole-time Director;
 - (iii) Chief Financial Officer and
 - (iv) Company Secretary
 - (v) Such other officer as may be prescribed.
- e) **“Nomination and Remuneration Committee (NRC)”** shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.
- f) **“Policy or This Policy”** means, “Nomination and Remuneration Policy.”
- g) **“Remuneration”** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
- h) **“Senior Management”** mean personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the executive directors, including all the functional heads

V. INTERPRETATION

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013 as amended from time to time.

VI. CRITERIA FOR IDENTIFYING PERSONS WHO ARE QUALIFIED TO BE APPOINTED AS DIRECTORS / KEY MANAGERIAL PERSONNEL /SENIOR MANAGEMENT PERSONNEL OF THE COMPANY:

A.) DIRECTORS

The Nomination and Remuneration Committee shall identify the persons who are qualified to become Directors in accordance to the criteria which includes, but are not be limited to-

- ❖ Financial and Business skills and experience to contribute to the strategy / risk / people / financial / legal /governance aspects of the Company's business;
- ❖ Personal specifications including integrity and probity, interpersonal communication and representational skills, Demonstrable leadership skills;
- ❖ The extent to which the appointee is likely to contribute to the overall effectiveness of the Board;
- ❖ The nature of existing positions held by the appointee including directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment;
- ❖ Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities;

B.) INDEPENDENT DIRECTORS

In addition to the above, a person proposed to be appointed as an Independent Director should meet the below mentioned parameters:

- ❖ Should be in compliance to the definition of Independent Director as given under Section 149 of the Companies Act, 2013 and Regulation 16(1) (b) of the SEBI LODR Regulation.
- ❖ Possess qualifications as mentioned in Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014.
- ❖ At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves as Director/ Independent directors comply with statutory restrictions imposed under Companies Act 2013.
- ❖ An independent director shall hold office for a term up to 5 years on the Board and will be eligible for re-appointment on passing of 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, but such independent director shall be eligible for appointment after expiry of three year of ceasing to become an independent director.

- ❖ Provided that an independent director shall not, during such period of three years be appointed in or be associated with the company in any other capacity either directly or indirectly.

C.) SENIOR MANAGEMENT PERSONNEL AND KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

The Company has drafted job descriptions and job specifications against all positions. The proposed appointees are hired as per the laid down job description and job specifications.

- ✓ Any new hire in the Company is assessed against a range of criteria which includes but are not limited to – Job knowledge, relevant experience, ability, academic achievements and qualifications, performance track record, potential, maturity, customer focus, integrity, skills, background and other qualities required to operate successfully in the position.
- ✓ Personal specifications including integrity and trust, communication and business acumen, interpersonal skills, teamwork and collaboration.
- ✓ The extent to which the appointee is likely to contribute to the overall effectiveness of the organization.

VII. EVALUATION OF DIRECTORS/ SENIOR MANAGEMENT/ KEY MANAGERIAL PERSONNEL

Section 149 of the Companies Act, 2013 read with Schedule IV of the said Act states that the Independent Directors shall–

- ✓ review the performance of non- independent directors;
- ✓ review the performance of the Board as a whole;
- ✓ review the performance of the Chairperson of the Company, taking into accounts views of executive directors and non-executive directors.

The performance evaluation of Independent Directors shall be done by the entire Board of Directors excluding the Director being evaluated. The evaluation shall include:

- Performance of Directors;
- Fulfillment of the independent criteria as specified under Companies Act, and their independence from the management.

The evaluation/assessment of the Directors, Board, Board Committees, Chairperson, Key Managerial Personnel's and the senior officials of the Company is to be conducted on an annual basis.

The Committee shall carry out the evaluation of performance of Director, KMP and senior management personnel at such intervals as may be considered necessary.

A.) Executive Directors:

The Executive Directors shall be evaluated on the basis of targets and responsibilities assigned to executive Directors by the board from time to time. In addition, executive directors shall also be evaluated on the basis of below personal abilities:

- Innovation and Creativity;
- Integrity and Trust;
- Business Acumen;
- Professional Courage;
- Communicates Effectively;
- Initiative;
- Teamwork and Collaboration;
- Customer Focus;
- Global Mindset / External Focus; and
- Practices Continuous Improvement.

B.) Non-Executive Director:

The Non-Executive Directors shall be evaluated on the basis of the following criteria:

- i. Commitment to the fulfillment of a director's obligations and responsibilities as defined in the Appointment letter, Companies Act, 2013;
- ii. Active participation in, and contributions to, long term strategic planning / risk assessment and mitigation / talent and people management / financial management / governance aspects of the Company's business.
- iii. Assist the company in implementing the best corporate governance practices;
- iv. Assist the company by outlining best practices to address key issues of the company;
- v. Assist the company in getting access to information or resources externally as and when required.

C.) Chairperson

The performance of the Chairperson of the Company shall be evaluated taking into accounts views of executive directors and non-executive directors on the following parameters-

- ✚ leadership of the board
- ✚ role in setting its agenda;
- ✚ ensuring the provision of accurate, timely and clear information to directors;
- ✚ ensuring effective communication with shareholders;
- ✚ arranging the regular evaluation of the performance of the board, its committees and individual directors;
- ✚ facilitating the effective contribution of non-executive directors and
- ✚ ensuring constructive relations between executive and non-executive directors.

D.) Board and Board Committees

The Board and Board Committees shall be evaluated on the basis of broad parameters laid down below and as detailed in the evaluation forms prescribed by the Committee/Board.

- a. Board/ Committee Composition;
- b. Board/ Committee Meetings;
- c. Information to the Board/ Operating Procedures; and
- d. Responsibilities.

E.) Key Managerial Personnel and Senior Management Personnel

The Key Managerial Personnel and Senior Management Personnel shall be evaluated by the Managing Director on the basis of targets / smart goals given to them and shared with the Board from time to time and on the basis of below personal abilities-

- Innovation and Creativity;
- Integrity and Trust;
- Business Acumen;
- Professional Courage;
- Communicates Effectively;
- Initiative;
- Teamwork and Collaboration;
- Customer Focus;
- Global Mindset / External Focus; and
- Practices Continuous Improvement.

F.) Criteria for evaluating performance of Other Employees

The power to decide criteria for evaluating performance of Other Employees has been delegated to the Human Resource Department of the Company.

VIII. REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

Guiding principles for determining remuneration of directors, Key Managerial Personnel & Senior Management:

- a) Level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors/ Key Managerial Personnel / Senior Management of the quality required to run the Company successfully.
- b) That the remuneration to Directors, Key Managerial Personnel, and other employees of the Company 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.
- c) That the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- d) That the trend prevalent in the similar industry, nature and size of business is kept in view and given due weightage to arrive at a competitive quantum of remuneration having due regard to financial and commercial health of the Company.
- e) No Director / Key Managerial Personnel / other employee is involved in deciding his or her own remuneration.

1. REMUNERATION TO DIRECTORS

The remuneration to the Executive Directors, Non-Executive Directors and Independent Directors will be determined by the Committee and recommended to the Board for approval. The remuneration shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company, Companies Act, 2013 and shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required.

2. REMUNERATION TO INDEPENDENT DIRECTOR

Sitting Fees:

- i. The Non-executive and the Independent Directors of the Company shall be paid sitting fees as per the applicable Regulations and no sitting fee is paid to Executive Directors. The quantum of sitting fees will be determined as per the recommendation of Nomination and Remuneration Committee and approved by the Board of Directors of the Company.
- ii. All the remuneration of the Non-Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197(5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

- iii. In case of payment of remuneration to Non-Executive Director and/or Independent Director, the Company shall follow the provisions of the Companies Act 2013, read with rules framed thereunder and Schedules thereto; and, regulations mentioned under the SEBI LODR.
- iv. An Independent Director shall not be eligible to get Stock Options and shall not be eligible to participate in any share-based payment schemes of the Company.
- v. Any remuneration paid to Non-Executive / Independent Directors (subject to their criteria of independency) for services rendered by them which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:
 - The Services are rendered by such Director in his capacity as the professional; and
 - In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

3. REMUNERATION TO KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES

The remuneration is negotiated with the prospective appointee taking into consideration the size of the Company, the profile of the appointee, responsibility to be shouldered by him/ her and the industry bench mark. The remuneration of Key Managerial Personnel and Senior Management Personnel shall be approved basis the guiding principles for determining remuneration stated above.

The Key Managerial Personnel, Senior Management Personnel and other employees of the Company shall be paid monthly and/or annual remuneration as per the Company's HR policies and / or as may be approved by the Committee.

IX. ANNUAL APPRAISAL PROCESS

Organization-wide Increments to the existing remuneration / compensation structure shall be approved by the Committee on an annual basis. The Committee shall take into account the business results, competitive compensation market scenario, and other factors in approving the organization wide overall increments.

The Increments in the remuneration of Managing & Executive Director shall be approved by the Board on the recommendation of the Committee based on individual performance in addition to factors stated above in the previous paragraph.

The Increments in the remuneration of Key Managerial Personnel, Senior Management Personnel and other employees shall be made on the basis of achievement of smart goals/ targets set and shall be approved by the Managing Director within the overall organization wide increment recommendation of the committee.

X. CONSTITUTION AND FUNCTIONING OF NRC

a) Role of the Committee

The role of the Committee inter alia will be the following:

- 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.
- Review periodically the composition of the Board with the objective of achieving an optimum balance of size, skills, independence, knowledge, age, gender and experience.
- Recommend to the Board the appointment or reappointment of directors.
- Devise a policy on Board diversity, when applicable on the Company.
- Recommend to the Board appointment and all remuneration payable, in whatever form to Key Managerial Personnel ("KMP" as defined by the Act) and Senior Management personnel.
- 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.
- Specify the manner for effective evaluation of performance of the Board, its committee, and individual directors to be carried out either by the Board, by the NRC or by an independent external agency and review its implementation and compliance.
- The Committee may also oversee the performance review process of the KMP/Senior Management and executive team of the Company.
- To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable.

b) Membership

- ❖ The Committee shall comprise at least three (3) Directors, all of whom shall be non-executive Directors and at least half shall be Independent.
- ❖ The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013.
- ❖ Minimum two members or one third of members of the Committee whichever is greater shall constitute a quorum for the Committee meeting and at least one independent director shall present in the meeting.

- ❖ Membership of the Committee shall be disclosed in the Annual Report/ on the website of the Company.
- ❖ Term of the Committee shall be continued unless terminated by the Board of Directors.

c.) Chairperson

- i. Chairperson of the Committee shall be an Independent Director.
- ii. Chairperson of the Company (if non-executive) may be appointed as a member of the Committee but shall not Chair the Committee.
- iii. In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- iv. Chairperson of the Nomination and Remuneration Committee shall be present at the General Meetings or may nominate some other member for the purpose.

d) Frequency of Meetings

The meeting of the Committee shall be held at such regular intervals as may be required but shall meet at least once a year.

e) Committee Members' Interest

- a) A member of the Committee is not entitled to be present when his own remuneration is discussed at a meeting or when his performance is being evaluated.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

f) 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. In the case of equality of votes, the Chairperson of the meeting will have a casting vote.