

NOMINATION AND REMUNERATION POLICY OF PURBASHA RESOURCES LIMITED

INTRODUCTION:

The Board of Directors ('hereinafter referred as the Board') of the Company at its meeting held on 18.08.2014 had reconstituted the existing remuneration committee by altering the Nomenclature as Nomination & Remuneration committee ('hereinafter referred to as the Committee') of the Board of Directors in accordance with the provisions of Sec 178 of the Companies Act, 2013 and also specified additional terms and conditions to align with the provisions of the Companies Act, 2013.

The Committee at its meeting held on 21.10.2014 formulated the criteria for identification and selection of suitable candidates for various positions in Senior Management and also those who are qualified to be directors, Managing Directors, CEO/CFO of the Company. The Committee also recommended a policy relating to the remuneration for the directors, key managerial personnel and other senior management personnel and a process by which the performance of the directors could be evaluated. The terms of reference as redefined are broadly given below:

- To identify individuals who are qualified to become Directors and in Senior Management in accordance with the criteria as per policy approved by the Board and to recommend to the Board about their appointment and removal.
- To carry out evaluation of the performance of Directors.
- To formulate the policy to determine the qualification, positive attributes and independence for appointment/reappointment as Directors in the Company.
- To formulate the remuneration policy of Directors, Key Managerial personnel and other employees and to recommend the same to the Board.
- To formulate the assessment /evaluation criteria for performance evaluation of the Directors of the Company.
- To devise the policy on the Board diversity.

In case of any inconsistency between the provisions of law and this policy, the provisions of the law shall prevail and the Company shall abide by the applicable law. Further the Board has the authority to reconstitute the committee from time to time.

I. CRITERIA FOR SELECTION OF MEMBERS OF BOARD OF DIRECTORS & SENIOR MANAGEMENT:

- A) Before making any recommendation to the Board for appointment of any director, the Committee shall ensure that the candidate:
- a) possess positive attributes/qualities such as readership, accumenship and experience in running industrial units, entrepreneurship or such other attributes which in the opinion of the Committee the candidate should possess and are in the interest of the Company.
 - b) is not disqualified under sections 164 and 167 of the companies Act,2013
 - c) complies with the conditions of being independent as stipulated under the Companies Act, 2013 and Listing Agreement entered into with Stock Exchanges in case of appointment as an independent director.
 - d) possesses appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, corporate governance, technical operations, infrastructure or such other areas or disciplines which are relevant for the Company's business.

B) Criteria for selection of Non Executive Directors:

The Non - Executive directors shall be of high integrity with relevant expertise so as to have a diverse Board with directors having expertise in field of manufacturing, marketing, finance, taxation, law, corporate governance and general management. In case of appointment of Independent directors the committee shall satisfy itself with regard to independent nature of the Directors vis - a -vis the Company so as to enable the Board to discharge its duties effectively. The Committee shall ensure that the candidate identified for appointment as Director is not disqualified under sections 164 and 167 of the companies Act, 2013. The Committee shall consider the following attributes / criteria whilst recommending the Board the candidature for appointment as Director:

- i. Qualification, expertise and experience of the Directors in respective fields;
- ii. Personal, Professional or Business Standing;
- iii. Diversity of the Board;

In case of reappointment of Non - Executive Directors the Committee shall take into consideration the Performance evaluation of the Director and his engagement level.

C) Criteria for selection of Senior Management Personnel:

The term Senior Management shall have the same meaning as provided under the explanation to Section 178 of the Companies Act, 2013(subject to amendments, if any, from time to time). The Committee shall, before making any recommendation to the Board for appointment should ensure that the candidate has the following attributes:

- a) rich experience in any of the areas viz. banking, financial management, legal, sales, marketing, administration, corporate governance, technical operations, or such other areas or disciplines which in the opinion of the management and committee are relevant for the Company's business.

- b) possesses qualities that demonstrate leadership skills, decision making skills, effective communication, hard work, commitment and such other attributes which in the opinion of the Committee the candidate should possess and are in the interest of the Company.

D) Term/Tenure:

The tenure of appointment of directors shall be in consistency with the provisions of the Companies Act, 2013 (subject to amendments, if any, from time to time).

If the Committee after due deliberation finds that the candidate meets the above criteria for appointment (as director on the Board or in senior management), then it shall make its recommendation to the Board.

Any amendment to the above criteria for directors and senior management shall be subject to the prior approval of the Committee and any such amendment shall be informed to the Board of Directors.

III. REMUNERATION POLICY FOR DIRECTORS, SENIOR MANAGEMENT AND KEY MANAGERIAL PERSONNEL:

A) Remuneration of Managing Director, Whole Time Director and Manager:

- i) The Committee while considering the remuneration of the Managing Director, the Whole Time Director and Manager (wherein there is no Managing Director), may take into consideration the performance, the experience of the person, his/her background, job-profile and suitability, his/her past remuneration, the comparative remuneration profile in the industry, size of the company, responsibilities shouldered by the Managing Director / Whole Time Director etc., provided that any remuneration considered by the Committee shall be in accordance and within the limits stipulated under the Companies Act, 2013 (subject to amendments if any, from time to time).
- ii) If, in any financial year the Company has no profit or inadequate profit, the Company shall pay remuneration in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with provisions then with the prior approval of Central Government.

B) Remuneration of Non - Executive Director (NED):

- a) The remuneration to the NEDS may be restricted to the sitting fees being paid for attendance of the meeting of the Board of the Directors
- b) The Independent Directors of the Company shall be entitled to remuneration restricted to the sitting fees being paid for attendance of the meeting of the Board of the Directors provided that any sitting fees paid to the Independent Director shall not be less than the sitting fees paid to non-executive directors.
- c) Independent Directors shall not be eligible for stock options of the Company, if any
- d) The NEDs and Independent Directors of the Company may be paid in addition to the sitting fees a percentage of net profits in a Financial Year, subject to the approval of the Shareholders in the General Meeting.
- e) Any remuneration considered by the Committee shall be in accordance and within the limits stipulated under the Companies Act, 2013 (subject to amendments if any, from time to time).

C) Remuneration of Senior Management Personnel and KMPs:

The Remuneration of the Senior Management Personnel and KMPs shall be in accordance with the policy of the Company which is applicable to the employees. The Committee may consider the remuneration of a Senior Management Personnel keeping in view of the achieving yearly targets, Performance of Business/Functions under his/her control, contribution for long term & strategic growth of the Company.

III. EVALUATION OF PERFORMANCE OF DIRECTORS:

A) Evaluation of the performance of Managing Director / Whole Time Director:

The performance of the Managing Director, Whole Time Director of the Company may be carried out taking into consideration the performance of the Company, level of engagement, contribution, independence of judgment, safeguarding of interest of Company and its minority shareholders and ensuring sustained long term goals.

The performance evaluation of the Non Independent director and chairman will be carried by the Independent Directors.

B) Evaluation of the performance of Non-Executive Directors and Independent Directors (NEDs and IDs):

The Committee while evaluating the performance of the NEDs and IDs may take into consideration various factors as mentioned below:

- a) Attendance at Meetings
- b) Other Directorships held by the NED - in listed or unlisted companies
- c) Other companies in which NED is a Chairperson
- d) Participation at Board/Committee Meetings
- e) Input in strategic decisions
- f) Review of Financial Statements, risks and business performance
- g) Time devoted towards discussion with Management.

This policy be and is hereby approved and adopted on 21st October, 2014 by the Board of Directors of Purbasha Resources Ltd.

Any amendment to any of the clauses in the aforesaid policy shall be subject to the prior approval of the Committee and such amendment shall be informed to the Board of the Company.

Date: 21.10.2014

**(Chairman)
Nomination and Remuneration Committee**