

NOMINATION REMUNERATION & BOARD DIVERSITY POLICY

(Pursuant to Section 178(3) of the Companies Act, 2013 and Regulation 19 of the of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

R K SWAMY LIMITED

(Revised Policy duly approved by board of Directors of the company through Board meeting held on February 3, 2024)

1. PREAMBLE:

Nomination & Remuneration & Board Diversity Policy (the “**Policy**”) is prepared pursuant to requirements of Section 178(3) of the Companies Act, 2013 (the “**Act**”) and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**Listing Regulations**”). This Policy is applicable to the Board of Directors (“**Board**”), Key Managerial Personnel (“**KMP**”) and the Senior Management Personnel (“**SMP**”) of R K SWAMY Limited (the “**Company**”).

2. PHILOSOPHY/ OBJECTIVE:

The objective of this Policy is to lay down a framework in relation to remuneration of directors on the Board of the Company, SMP & KMP. The key objectives of the Policy would be to:

- Identify persons who are qualified to become Directors (executive and non-executive) and who may be appointed in senior management positions in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- Evaluate 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.
- Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of Directors, KMP and SMPs.
- Formulate criteria for evaluation of Independent Directors and the Board.
- Recommend to the Board on all the remuneration payable, in whatever form to the Directors, KMP and SMP.
- Recommend to the Board whether to extend or continue terms of appointment of an Independent Director on the basis of the report of performance evaluation of independent directors.
- Ensure that (i) 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; (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and (iii) remuneration to Directors, KMP and SMP 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.
- Devise a policy on diversity of the Board.
- Undertake such other key issues/matters as may be referred by the Board or as may be necessary in view of the provision of the Act and Rules thereunder and the Listing Regulations, whenever applicable.

3. DEFINITIONS:

“**Act**” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.

“**Board**” means the collective body of the Board of Directors of the Company, as constituted from time to time.

“**Independent Director**” means a Director of the Company, not being a whole time Director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and the Listing Regulations.

“**Listing Regulations**” shall mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, clarifications, circulars or re-enactment thereof.

“Key Managerial Personnel” or “KMP” means:

- i. The Managing Director, or the Chief Executive Officer or the Manager;
- ii. The Whole Time Director;
- iii. The Chief Financial Officer;
- iv. Company Secretary;
- v. Such other officer, not more than one level below the Directors who is in the whole-time employment, designated as KMP by the Board; and
- vi. Such other officer as may be prescribed.

“Nomination & Remuneration Committee” or “NRC” means the nomination and remuneration committee of the Company constituted under the provisions of Listing Regulations and the Act, or under any previous Companies Act.

“Senior Management Personnel” or “SMP” means the officers or personnel of the Company who are members of the core management team, excluding the Board of Directors, and shall also comprise of all the members of management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called persons identified and designated as key managerial personnel, other than the board of directors, by the listed entity..

Words and expressions used and not defined herein shall have the meaning respectively assigned to them under the Listing Regulation or the Companies Act 2013 or other applicable laws.

4. POLICY:

Policy is divided into three parts:

- a. Part I provides for criteria for appointment and removal of Directors, KMP, SMP and other employees;
- b. Part II deals with remuneration of Directors, KMP, SMP;
- c. Part III deals with Board Diversity.

PART I: APPOINTMENT CRITERIA

GENERAL CRITERIA

- a. The Board shall comprise of optimum number of Directors as is necessary to effectively manage the affairs of the Company. Subject to a minimum of 6 and maximum of 15, the Board shall have an appropriate combination of Executive Directors, Non-Executive Directors, Independent Directors, including women Director(s).
- b. The NRC shall be responsible for identifying suitable candidates for appointment as Director of the Company. While evaluating a person for appointment or re-appointment as Director, the NRC shall consider and evaluate number of factors including but not limited to background, knowledge, skills, abilities, professional experience and functional expertise, educational and professional background, personal accomplishment, age, experience of business management, marketing services, finance and other disciplines relevant to the business etc. and such other factors that it might consider relevant and applicable from time to time towards achieving a diverse Board.
- c. The NRC shall ensure that the candidates identified for appointment as Directors are not

disqualified for appointment under Section 164 of the Act.

- d. During the term of the office, every director shall -
- i. uphold ethical standards of integrity and probity;
 - ii. act objectively and constructively;
 - iii. exercise responsibilities in a bona-fide manner in the interest of the Company;
 - iv. shall be free from any disqualifications as stipulated under the Act as well as the Listing Regulations; and
 - v. shall be able to devote sufficient time and efforts in discharge of duties and responsibilities effectively.
- e. **Appointment of Whole-Time KMP**
- The Board based on the recommendation of the NRC shall be responsible for identifying suitable candidate for the position of Whole-Time KMP.
 - The terms and conditions of the appointment shall be in accordance with the provisions of applicable law.
 - A Whole-Time KMP of the Company shall not hold office in more than one company except in a subsidiary company at the same time. However, a Whole-Time KMP can be appointed as a Director in any company, with the permission of the Board of the Company.
 - The Company shall not appoint or continue the employment of any person as Managing Director or Whole-Time Director or Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended at the discretion of the NRC 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.
- f. **Appointment of 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, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.
 - 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.
 - An Independent Director shall be under the obligation to inform the Board of Directors of any change in circumstances which may affect his/her independence.
 - The re-appointment or extension of the term of the Director shall be on the basis of their performance evaluation report.

g. Appointment of SMP

The appointment of SMP shall be approved by the Board based on recommendation of the NRC.

h. Appointment of Other Employees

The appointment of other employees shall be made on the basis of the experience, qualification, expertise of the individual as well as the roles and responsibilities required for the position and shall be undertaken by the human resource department in consultation with either of the Managing Director, Whole-Time Director and Group CFO.

i. Removal of Directors, KMP or SMP

- The removal of directors, KMP or SMP may be warranted due to reasons such as disqualification prescribed under the applicable laws, performance, disciplinary reasons, etc.
- The removal of any director can be recommended by NRC in consultation with the Managing Director or Whole-time Director to the Board of Directors. The removal shall be finally approved by the shareholders' basis recommendation of the Board.
- The removal of KMP shall be approved by the Board by passing a resolution.
- SMP can be removed by the Board, based on the recommendation of the NRC.

PART II: REMUNERATION

The remuneration structure would depend upon the roles and responsibilities as well as the prevailing market practices. The overall limit of remuneration of the Directors including Executive Directors (i.e., Managing Director, Whole-Time Director etc.) is governed by the applicable provisions of the Act & rules made thereunder and SEBI Listing Regulations.

While determining the remuneration to Directors, KMP and SMP, the following shall be ensured:

- i. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and SMP of the quality required to run the Company successfully;
- ii. Relationship of remuneration to performance is clear and meets appropriate benchmarks; and
- iii. Remuneration to directors, KMP and SMP involves a balance of fixed and incentive pay reflecting short-term and long-term performance objectives appropriate to the working of the Company and its goals.

a) Remuneration to Executive Directors

Remuneration payable to Executive Directors (Managing Director and Whole-Time Director) including revision in the remuneration of Executive Directors shall be approved by the Board based on the recommendation of the NRC. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive Directors in accordance with the provisions of Schedule V of the Act.

The shareholders in a general meeting shall approve maximum permissible amount which can be paid to the Managing Director/Whole-time Director. Within the overall limits approved by

the shareholders, on the recommendation of the Nomination and Remuneration Committee, the Board shall have the authority to revise the remuneration from time to time.

b) Remuneration to Non-Executive Directors

Pursuant to the provisions of section 197 of the Act and the shareholders' approval, if required the Board shall approve the remuneration payable to Non-Executive Directors (including Independent Directors) on the recommendation of the NRC.

The Non-Executive Directors shall be entitled to such commission as approved by the Board within the overall limits approved by the shareholders. In no case the commission shall exceed 1% of the profits of the Company computed as per the applicable provisions of the Act.

In the event of absence or inadequacy of profits, subject to the approval of the shareholders of the Company and on the recommendation of the Committee, the Company shall pay remuneration to its Non-Executive / Independent Directors in accordance with the provisions of Schedule V of the Act.

The Non-Executive / Independent Directors would be eligible for Stock Options if permitted by under the Act or SEBI Listing Guidelines. .

c) Remuneration to KMP and SMP

The Remuneration of the KMP and the SMP shall be recommended by the Nomination and Remuneration Committee to the Board for approval.

d) Directors and Officers Liability Insurance Policy

All directors of the Company would be covered by the requisite Directors and Officers Liability Insurance Policy.

e) Sitting Fees & Reimbursement of Expenses:

All Directors would be entitled to sitting fees for attending meetings of the Board or Committees of the Board to which they are appointed from time to time thereof as determined by the Board of Directors. Provided that the amount of such fees shall not exceed the limits prescribed under the Act.

All the Directors shall be entitled to reimbursement of reasonable expenditure incurred by him/her for attending Board or committee meetings, general meetings, court convened meetings, meetings with shareholders or creditors or management.

PART III: BOARD DIVERSITY:

- The Company acknowledges the importance of diversity in its broadest sense in the boardroom as a driver of Board effectiveness. Diversity encompasses diversity of perspective, experience, education, background, ethnicity and personal attributes. The Company recognizes that gender diversity is a significant aspect of diversity and acknowledges the role that woman with the right skills and experience can play in contributing to diversity of perspective in the Boardroom.

- The NRC shall review and evaluate Board composition to ensure that the Board and its Committees have the appropriate mix of skills, experience, independence and knowledge to ensure their continued effectiveness. In doing so, it will take into account diversity, including diversity of gender, amongst other relevant factors. The NRC will ensure that no person is discriminated against on grounds of religion, race, gender, pregnancy, childbirth or related medical conditions, national origin or ancestry, marital status, age, sexual orientation or any other personal or physical attribute which does not speak to such person's ability to perform as a Boardmember.
- All appointments to the Board, as recommended by the NRC shall be made on merit while taking into account suitability for the role, Board balance and composition, the required mix of skills, background and experience (including consideration of diversity and ethnicity). Other relevant matters such as independence and the ability to fulfil required time commitments in the case of Independent and Non-Executive Directors will also be taken into account.
- The NRC shall monitor and periodically review Board Diversity and make recommendations to the Board so as to improve one or more aspects of its diversity and measure progress accordingly.
- The Company shall continue to provide sufficient information to the shareholders about the qualifications, expertise and characteristics of each Board Member to demonstrate the diversity of the Board.

5. ROLES AND RESPONSIBILITIES OF THE NOMINATION AND REMUNERATION COMMITTEE:

The Responsibilities of the Committee shall be such as prescribed under the Act and Rules made thereunder and Part D of Schedule II of the Listing Regulations (as amended from time to time).

6. DISCLOSURES:

This policy shall be disclosed in the Board Report.

7. POLICY APPROVAL AND UPDATES:

The KMP or the person authorized by the Board may review this Policy from time to time. The NRC, when it deems necessary, shall recommend the changes to the Board for its approval.

In case of any inconsistency between the terms of this Policy, Listing Regulations and the Act, the provisions of the Listing Regulations and the Act shall prevail.

In case of any subsequent changes in the provisions of the Act, or any other applicable regulations which make any of these clauses/ provisions in this Policy inconsistent with the applicable law, the provisions of the applicable law shall prevail.
