

NIHON

**NIHON IMPEX PRIVATE
LIMITED**

**NOMINATION
AND
REMUNERATION POLICY**

INTRODUCTION

Pursuant to Section 178 of the Companies Act, 2013 and the Rules framed thereunder (as amended from time to time) the Nomination and Remuneration Policy (hereinafter referred to as “NRC”) has been formulated for the purpose of appointment, removal and remuneration of the Directors, Key Managerial Personnel, Senior Management and other employees of the Company.

The key objectives of the Policy is to guide the Board of Directors of the Company on:

- a) Appointment and removal of Directors, Key Managerial Personnel, Senior Management and other employees;
- b) Remuneration payable to the Directors, Key Managerial Personnel, Senior Management and other employees;
- c) Board Diversity;
- d) Succession plan for Directors, Key Managerial Personnel, Senior Management and other employees; and
- e) Evaluation of individual Directors, Chairperson of the Board, the Board as a whole and the Committees of the Board.

DEFINITIONS

“Company” means Nihon Impex Private Limited.

“Act” means the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time.

“Board” means the Board of Directors of the Company.

“Nomination and Remuneration Committee or NRC” means a Committee of the Board of Directors of the Company constituted under the applicable laws.

“Directors” mean Directors of the Company.

“Key Managerial Personnel or KMP”:-

In relation to a Company as defined under sub-section 51 of Section 2 of the Companies Act, 2013, means and includes:

- i. Chief Executive Officer or the Managing Director or the Manager;
- ii. Whole-time director;
- iii. Chief Financial Officer;
- iv. Company Secretary; and
- v. such other officer as may be prescribed under the applicable laws or nominated by the Board.

“Independent Director” means a director referred to in Section 149(6) of the Act.

“Senior Management Personnel or SMP” shall mean officers/personnel of the entity who are members of its core management team excluding Board of Directors and normally this shall comprise all members of management one level below the Chief Executive Officer/Managing Director/Whole-time Director/Manager (including Chief Executive Officer/ Chief Risk Officer, in case they are not part of the board) and shall specifically include Company Secretary and Chief Financial Officer.

APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

1. Appointment Criteria and qualifications

- i. The NRC will have the responsibility and authority to decide the essential and desirable skills/competencies/expertise/ experience/ criteria of independence required from the individuals for the office of Directors, KMP & SMP.
- ii. The expertise required from the Directors, KMP and SMP would be defined based on the Company’s strategy and needs.
- iii. The NRC shall review the criteria for the role and define the role specifications for the appointment.
- iv. In case of Directors and KMP, in addition to the above specifications the NRC shall ensure that the candidate possesses the requisite qualifications and attributes as per the Applicable Laws.
- v. The appointment of Directors and KMP shall be subject to the compliance of the applicable laws and the Articles of Association of the Company.
- vi. NRC shall also ensure that the proposed Director fulfils the fit and proper criteria laid down by the Reserve Bank of India along with the Fit and Proper Policy of the Company.
- vii. The Company shall not recommend or appoint or continue the employment of any person as the Managing Director, Whole-time director or Manager within the meaning of the Act, who has attained the age of 75 (seventy-five) years. Provided that the appointment of such a person who has attained the age of 75 (seventy-five) years shall be made with the approval of the Shareholders by passing a special resolution, based on the explanatory statement annexed to the notice for the Meeting of the Shareholders for such motion indicating the justification for appointment or extension of appointment beyond the age of 75 (seventy-five) years.
- viii. NRC shall ensure that all extant RBI Guidelines pertaining to the composition and proportion of fixed and variable pay shall be adhered to while determining the compensation of the directors, senior

management personnel and key managerial personnel, as mentioned above.

2. Term

Managing Director/ Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding 5 (five) years at a time. No re-appointment shall be made earlier than 1 (one) year before the expiry of term.

3. Independent Director

- i. An Independent Director shall hold office for a term up to 5 (five) consecutive years on the Board 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.
- ii. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of 3 (three) years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of 3 (three) years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

4. Board Evaluation

The Board is committed to assessing the performance of the Board in order to identify its strengths and areas in which it may improve its functioning. Towards this end, the NRC shall establish the criteria and processes for evaluation of performance of Individual Directors, Chairperson of the Board, the Board as a whole and the Committees of the Board and recommend the same to the Board. The evaluation of the Independent Directors shall also include evaluation of the fulfilment of the independence criteria as specified under the applicable laws and their independence from the Management.

The Board is responsible for:

- i. monitoring and reviewing of the Board Evaluation framework;
- ii. carrying out evaluation of the performance of the Board, its Committees and individual directors, wherein the director subject to evaluation shall not participate; and
- iii. evaluating the fulfilment of independence criteria of the Independent Directors as per the applicable laws and review their independence from the management.

The appointment / re-appointment / continuation of Directors on the Board shall be subject to the outcome of the yearly evaluation process.

5. Removal

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

6. Retirement

The Directors, KMP and Senior Management shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

7. Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management

- i. The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior 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 and Central Government, wherever required.
- ii. The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down as per the provisions of the Act.
- iii. Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director or as laid down as per the provisions of the Act.

8. Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management

- i. Fixed Pay
- ii. The Whole-time / Executive / Managing Director / KMP and Senior Management 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 but not limited to, employer's contribution to Provident Fund (P.F.), Superannuation Fund, Pension Scheme, medical expenses, club fees, leave travel allowance, 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 and Central Government, wherever required.

- iii. Minimum Remuneration: If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time / Executive / Managing Director in accordance with the provisions of Section 197 of the Act and Schedule V to the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.
- iv. Provisions for excess remuneration: If any Whole-time / Executive / Managing 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 prior sanction of the Central Government, where required, he / she shall refund such sums to the Company 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 permitted by the Central Government.

POLICY REVIEW

This Policy may be amended, modified or supplemented from time to time. The Policy shall be reviewed every year by the Board of Directors of Company or whenever there is a significant change in the Policy, on the recommendation of NRC.
