

Version No.1



FIRSTMERIDIAN BUSINESS SERVICES LIMITED

NOMINATION AND REMUNERATION (NRC) POLICY

*(Approved by the Board of directors of FirstMeridian Business Services Limited
on 12th April 2022)*

1. INTRODUCTION:

This Nomination cum Remuneration Policy (“**Policy**”) has been formulated pursuant to section 178 of the Companies Act, 2013 read with applicable rules made thereunder (collectively, the “**Act**”) and as per Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”), as amended from time to time.

The Policy is intended to set out criteria to pay equitable remuneration to the Directors, Key Managerial Personnel (KMP), senior management (as defined below) and other employees of the Company and to harmonize the aspirations of human resources with the goals of the Company.

The Policy has been adopted by the Board of Directors of FirstMeridian Business Services Limited (“the **Company**”) in its meeting held on 12th April 2022.

2. OBJECTIVE AND PURPOSE:

The objectives and purpose of this Policy are:

- To outline a framework to ensure that the Company’s remuneration levels are aligned with best industry practices and are sufficient to attract and retain competent director(s) on the Board, KMP(s) and the Senior Management Personnel of the quality required, the Company allowing fair rewards for the achievement of key deliverables and enhanced performance. The key objectives of this policy include:
 - (i) managing the Board in relation to appointment and removal of Director(s), Key Managerial Personnel and Senior Management;
 - (ii) evaluating the performance of the members of the Board and provide report to the Board for further evaluation of the Board.
 - (iii) recommending to the Board the remuneration payable to the Director(s) and setting forth a policy for determining remuneration payable to KMP and Senior Management Personnel.

- While determining the remuneration for the Director(s) (including Executive and non-executive directors), KMPs and Senior Management Personnel, regard should be had to prevailing market conditions, business performance and practices in comparable companies, also to financial and commercial health of the Company as well as prevailing laws and government/other guidelines, to ensure that pay structures are appropriately aligned and the levels of remuneration remain appropriate.
- While designing the remuneration package it should be ensured that:
 - (i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the person, to ensure the quality required to run the business successfully;
 - (ii) the balance between fixed and incentive pay, reflecting short and long-term performance objectives and Company's goals.
- One part of the remuneration package may be linked to the achievement of corporate performance targets of the Company and interest with stakeholders.
- The Committee may consult with the chairman of the Board as it deems appropriate.

The Committee shall observe the set of principles and objectives as envisaged under the Companies Act, 2013 ("Act") (including Section 178 thereof), rules framed there under and in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including, inter-alia, principles pertaining to determining qualifications, positives attributes, integrity and independence.

3. CONSTITUTION AND MEMBERSHIP OF THE NOMINATION AND REMUNERATION COMMITTEE

The Board has constituted the "Nomination and Remuneration Committee" ("Committee") on 12th April, 2022. This is in line with the requirements under the Companies Act, 2013 ("Act"). This Policy and the Nomination and Remuneration Committee Charter are integral to the functioning of the Nomination and Remuneration Committee and are to be read together.

The Board has authority to reconstitute this Committee from time to time.

- The Committee shall consist of 3 (Three) directors and all the Directors shall be Non- executive Directors or as is required under Regulations.
- At least 50% of the Directors shall be Independent Directors.

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

4. **CHAIRMAN**

- Chairman of the Committee shall be an Independent Director or a Non-Executive Director.
- Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Committee but shall not be the Chairman of the Committee.
- Chairman of the Nomination and Remuneration Committee meeting shall be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

5. **DEFINITIONS**

- a) '**Board**' means Board of Directors of the Company.
- b) '**Directors**' means directors of the Company.
- c) '**Committee**' means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act and applicable Listing Regulations.
- d) '**Company**' means FirstMeridian Business Services Limited.
- e) '**Independent Director**' means a Director referred to in Section 149(6) of the Companies Act, 2013 and rules.
- f) '**Key Managerial Personnel (KMP)**' means
 - i) the Managing Director or Chief Executive Officer or manager
 - ii) Whole-time Director
 - iii) the Company Secretary;
 - iv) the Chief Financial Officer; and
 - v) Any other person as defined under the Companies Act, 2013 from time to time
- g) Senior Management means officers/personnel of the Company who are members of its core management team. The core management team includes Chief Executive Officer, Managing Director, Chief Operating Officer & Whole-time Director, Presidents, Head-HRD, Chief Financial Officer and Company Secretary.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act, 2013 and Listing Regulations, as may be amended from time to time, shall have the meaning respectively assigned to them therein.

6. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held once in a year and at such intervals as may be required.

7. QUORUM

The quorum necessary for transacting business at a meeting of the Committee shall be two members or one-third of the members of the Nomination and Remuneration Committee; whichever is greater.

8. VOTING

- Matters arising for determination at Committee meetings shall be decided by a majority of votes of members present. Any such decision shall for all purposes be deemed a decision of the Committee.
- In the case of equality of votes, the Chairman of the meeting will have a casting vote.

9. COMMITTEE MEMBERS' INTERESTS

- A member of the Committee is not entitled to be present 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.

10. GENERAL

This Policy is divided in three parts: -

Part – A covers the matters to be dealt with and recommended by the Committee to the Board;

Part – B covers the appointment and removal of Directors, KMP and Senior Management; and

Part – C covers remuneration for Directors, KMP and Senior Management

Part – A: Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee

The following matters shall be dealt with by the Committee:

- a) 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 the directors, key managerial personnel and other employees;
- b) Formulation of criteria for evaluation of Independent Directors and the Board;
- c) Devising a policy on Board diversity;
- d) Identify persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every director's performance. The company shall disclose the remuneration policy and the evaluation criteria in its annual report;
- e) Analyzing, monitoring and reviewing various human resource and compensation matters;
- f) Determining our Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment, and determining remuneration packages of such Directors;
- g) Determine compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;
- h) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
- i) Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- j) Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
 - (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as and when the same come into force; or
 - (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003;
- k) 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;

- l) Perform such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by such committee.
- m) Implementation of decisions regarding allotment of ESOP Shares; and
- n) Recommend to the Board, all remuneration, in whatever form, payable to seniormanagement.
("Senior management" shall comprise all members of management one level below the Chief Executive Officer / Managing Director / Whole Time Director / Manager and shall specifically include Company Secretary and Chief Financial officer.)

PART – B: Policy for appointment and removal of Directors, KMP and Senior Management

(a) Appointment criteria and qualifications

1. The Committee shall ascertain the integrity, qualification, expertise and experience of the person identified for appointment as Director, KMP or Senior Management and recommend to the Board his/her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the position.
2. A person to be appointed as Director, KMP or Senior Management should possess adequate qualification, expertise and experience for the position he/she is considered for.
3. A person, to be appointed as Director, should possess impeccable reputation for integrity, deep expertise and insights in sectors/areas relevant to the Company, ability to contribute to the Company's growth and complementary skills in relation to the other Board members.
4. The Company shall not appoint or continue the employment of any person as Managing Director/Executive Director who has attained the age of sixty years and shall not appoint Independent Director 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 committee beyond the age of sixty years/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 sixty years/seventy years as the case may be.
5. A whole-time KMP of the Company shall not hold office in more than one company except in its 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 Directors of the Company.

(b) Term / Tenure

1. Managing Director / Whole-time Director

The Company shall appoint or re-appoint any person as its Managing Director and CEO or Whole-time 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.

2. 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. 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 applicable regulations in force.

(c) Removal

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

(d) Retirement

The Directors, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Directors, KMP and Senior Management in the same position/remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

PART – C

Policy relating to the remuneration for Whole-time Directors, KMP and Senior Management

A. General

1. The remuneration / compensation / commission / Stock incentives etc. to be paid to Directors will be determined by the Committee and recommended to the Board for approval.
2. The remuneration and commission to be paid to the Managing Director/Whole-time Director shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder.
3. Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managing Director/ Whole-time Director.
4. Where any insurance is taken by the Company on behalf of its Directors, KMP and Senior Management 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. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

B. Remuneration to other employees

The compensation for other employees would be as per the compensation policy of the Company, as revised through the annual compensation review process from time to time and approved by the Chief Executive Officer and Chief Operating Officer, in consultation with the Head- HR.

C. Minimum remuneration to Whole-time Directors

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.

D. Remuneration to Independent Directors

- i. The Company shall have such number of Independent Director as prescribed under the applicable provisions of the Act and SEBI LODR.
- ii. **Remuneration:** The remuneration payable to each Independent Director is based on the remuneration structure as recommended by the Nomination and Remuneration Committee and approved by the Board, and is revised from time to time, the Company's performance, and the provisions of the Companies Act, 2013 and the rules made thereunder.

- iii. **Stock incentive:** The Independent Directors shall not be entitled to any stock incentive of the Company.
- iv. The remuneration to the Independent Directors 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 Companies Act, 2013.
- v. **Sitting Fees:** The Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof as approved by the Board.
- vi. **Commission:** The Company may pay the Commission to Independent Directors within the limit approved by shareholders and subject to the limit as prescribed in the provisions of the Companies Act, 2013.

11. POLICY REVIEW

- a. This Policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder and the requirements of Listing Regulations with the Stock Exchanges.
- b. In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.
- c. This policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification to the policy as recommended by the Committee would be placed before the Board of Directors for their approval.

12. AMENDMENTS TO THE POLICY

The Board of Directors on its own and/or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

Note: Regulation 19 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 stated that the Chairman of Nomination and Remuneration Committee is as per the provision of Companies Act, 2013. If there is any amendment in the Listing Regulations or Companies Act resulting into cessation of exemption or making it mandatory for Chairman to be independent director, the Committee shall be reconstituted accordingly.
