



RUPA & COMPANY LIMITED

REMUNERATION POLICY

Effective- February 08, 2019

[As revised and approved by Board of Directors on February 08, 2019]

Rupa & Company Limited

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REMUNERATION POLICY

FRAMED UNDER SECTION 178(3) OF COMPANIES ACT, 2013 AND REGULATION 19 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

The Board of Directors (the "Board") of Rupa and Company Limited (the "Company") had initially adopted this Remuneration Policy (the "Policy") on May 21, 2015, as required in terms of Section 178 of the Companies Act, 2013 and revised Clause 49 of the erstwhile Listing Agreement. In view of the amendments made in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Policy has been amended with effect from 8th February, 2019.

CLARIFICATIONS, AMENDMENTS AND UPDATES

This Policy shall be implemented as per the provisions of the Applicable Law. Any amendments in the Applicable Law, including any clarification/ circulars of relevant regulator, shall be read into this Policy such that the Policy shall automatically reflect the contemporaneous Applicable Law at the time of its implementation.

All words and expressions used herein, unless defined herein, shall have the same meaning as respectively assigned to them, in the Applicable Law under reference, that is to say, the Companies Act, 2013 and Rules framed thereunder, or SEBI LODR, as amended, from time to time.

INTERPRETATION CLAUSES

For the purposes of this Policy references to the following shall be construed as:

- "Act"** : means the Companies Act, 2013 as may be amended from time to time;
- "Applicable Law"** : includes any statute, law, listing agreement, regulation, ordinance, rule, judgment, order, decree, bye-law, clearance, directive, guideline, policy, requirement, notifications and clarifications or other governmental instruction and/or mandatory standards as may be applicable to the Company from time to time;
- "Board"** : means the Board of Directors of the Company;
- "Company"** : refers to the Rupa and Company Limited;
- "Directors"** : refers to the Chairperson, Managing Director and all whole-time Directors;



- “Executives”** : refers to the Directors, Key Managerial Personnel and Senior management personnel;
- “Key Managerial personnel” or “KMP”** : Refer to the Managing Director, Chief Executive Officer, Chief Financial Officer and Company Secretary and such other officer as may be prescribed under applicable law.
- “Listing Regulations”** : means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as may be amended from time to time;
- “Nomination and Remuneration Committee” or “NRC” or “Committee”** : means the committee constituted by the Board of Directors as per the provisions of Section 178(1) of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, 2015;
- “Non- executive Director”** : means the Non-executive Director including Independent Director appointed by the Company;
- “Policy” or “this Policy”** means the contents herein including any amendments made by the Board of the Company;
- “Senior management”** : Means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the Executive Directors.

SCOPE

- a) This Policy applies to all the “Executives” of the Company.
- b) In addition, this Policy also extends to the remuneration of Non-Executive Directors, including principles of selection of the Independent Directors of the Company.
- c) The Board of Directors has initially adopted the Remuneration Policy with effect from May 21, 2015 which has been amended with effect from February 8, 2019, on the recommendation of the Committee. This Policy shall be valid for all employment agreements entered into after the approval of the Policy for appointment of the Executives and for changes made to existing employment agreements thereafter.
- d) In order to comply with local regulations, some entities and units within the Group may have remuneration policies and guidelines which shall apply in addition to the Group’s remuneration policy.

The Board of Directors of the Company may deviate from this Policy if there are explicit reasons to do so in an individual case. Deviations on elements of this Policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be disclosed in the Annual Report or, in case of an appointment, in good time prior to the appointment of the individual.



PURPOSE

This Policy reflects the Company's objectives for good corporate governance as well as sustained and long-term value creation for stakeholders. This Policy will also help the Company to attain Board diversity and create a basis for succession planning. In addition, it is intended to ensure that—

- a) the Company is able to attract, develop and retain high-performing and motivated Executives in a competitive international market;
- b) the Executives are offered a competitive and market aligned remuneration package, with fixed salaries being a significant remuneration component, as permissible under the Applicable Law;
- c) remuneration of the Executives are aligned with the Company's business strategies, values, key priorities and goals.

GUIDING PRINCIPLES FOR REMUNERATION AND OTHER TERMS OF EMPLOYMENT

The guiding principle is that the remuneration and the other terms of employment for the Executives shall be competitive in order to ensure that the Company may attract and retain competent Executives. In determining the Policy, the Committee ensures that a competitive remuneration package for all Executives is maintained and is also benchmarked with other companies in the same markets.

RESPONSIBILITIES AND POWERS OF THE COMMITTEE

The Committee, in addition to the functions and powers as endowed by its terms of reference, would be also responsible for –

- a) preparing, and recommending for, the Board's decisions on issues concerning principles for remunerations (including pension and severance pay) and other terms of employment of Executives and Non-executive Directors;
- b) formulating criteria of qualifications and positive attributes to assist the Company in identifying the eligible individuals for the office of Executives;
- c) monitoring and evaluating programs for variable remuneration, both ongoing and those that have ended during the year, for Executives and Non-executive Directors;
- d) monitoring and evaluating the application of this Policy;
- e) monitoring and evaluating current remuneration structures and levels in the Company.

BOARD DIVERSITY CRITERION

In the process of attaining optimal Board diversity, the following criteria need to be assessed:

(i) Optimum Composition

- a) The Board shall have an optimum combination of executive and non-executive Directors and not less than fifty percent of the Board of Directors comprising nonexecutive Directors.



- b) At least half of the Board should comprise of independent directors (where the Chairman of the Board is executive) or at least one-third of the Board consisting of independent Directors (where the Chairman of the Board is non-executive).
- c) In any case, the Company should strive to ensure that the number of independent directors do not fall below 3 (Three) so as to enable the Board to function smoothly and effectively.
- d) The Company shall have at least [one woman director on the Board to ensure that there is no gender inequality on the Board.

(ii) Functional Diversity

- a) Appointment of Directors to the Board of the Company should be based on the specific needs and business of the Company. Appointments should be done based on the qualification, knowledge, experience and skill of the proposed appointee which is relevant to the business of the Company.
- b) Knowledge of and experience in domain areas such as finance, legal, risk, management etc. should be duly considered while making appointments to the Board level.
- c) While appointing independent directors, care should be taken as to the independence of the proposed appointee.
- d) Directorships in other companies may also be taken into account while determining the candidature of a person.
- e) Whole-time Directors of the Company may be considered to head functional area/ business division of the Company based on his/ her expertise of the function/ division.

(iii) Stakeholder Diversity

- a. The Company may also have Directors on its Board representing the interest of any financial institution or any other person in accordance with the provisions of its Articles of Association and/or any agreement between the Company and the nominating agency.

PRINCIPLES FOR SELECTION OF INDEPENDENT DIRECTORS

The nomination of the Independent Directors of the Company shall be in accordance with the principles as stated hereunder:

- (a) is a person of integrity and possesses relevant expertise and experience;
- (b) is or was not a promoter of the Company or its holding, subsidiary or associate company or member of the promoter group of the Company and not related to promoters or directors of the Company, its holding, subsidiary or associate company;
- (c) has or had no pecuniary relationship, other than remuneration as such director or having transaction not exceeding ten per cent. of his total income or such amount as may be prescribed, with the Company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;



(d) none of whose relatives—

(i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year:

Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent. of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;

(ii) is indebted to the Company, its holding, subsidiary or associate company or their promoters, or directors, for an amount of fifty lakhs rupees or more, at any time or such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;

(iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the Company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for an amount of fifty lakhs rupees or more, at any time or such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or

(iv) has or had any other pecuniary transaction or relationship with the Company, or its subsidiary, or its holding or associate company or their promoters, or directors amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii) during the two immediately preceding financial years or during the current financial year;

(e) neither himself nor any of his relatives—

(i) holds or has held the position of a key managerial personnel or is or has been employee of the Company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

(ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of

(a) a firm of auditors or company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate company; or

(b) any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;

(iii) holds together with his relatives two percent or more of the total voting power of the Company; or

(iv) is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five percent or more of its receipts from the Company, any of its promoters,



directors or its holding, subsidiary or associate company or that holds two percent or more of the total voting power of the Company;

(v) is a material supplier, service provider or customer or a lessor or lessee of the Company;

(f) who is not less than 21 years of age

(g) possesses appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.

(h) is not a non-independent director of another company on the board of which any non-independent director of the Company is an independent director.

OVERALL CRITERIA FOR SELECTION OF EXECUTIVES

The assessment for Functional head will be done on the basis of below parameters by the concerned interview panel of the Company -

a) Competencies:

- Necessary skills (Leadership skill, communication skills, Managerial skills, etc.)
- Experiences & education to successfully complete the tasks.
- Positive background reference check.

b) Capabilities:

- Suitable or fit for the task or role.
- Potential for growth and the ability and willingness to take on more responsibility.
- Intelligent & fast learner, Good Leader, Organiser & Administrator, Good Analytical skills
Creative & Innovative.

c) Compatibility:

- Can this person get along with colleagues, existing and potential clients and partners.
- Strong Interpersonal Skills.
- Flexible & Adaptable.

d) Commitment:

- Candidate's seriousness about working for the long term
- Vision & Aim

e) Character:

- Ethical, honest, team player

f) Culture:



- Fits with the Company's culture. (Every business has a culture or a way that people behave and interact with each other. Culture is based on certain values, expectations, policies and procedures that influence the behavior of a leader and employees. Employees who don't reflect a company's culture tend to be disruptive and difficult)
- Presentable & should be known for good social & corporate culture.

GENERAL POLICIES FOR REMUNERATION

The various remuneration components would be combined to ensure an appropriate and balanced remuneration package.

The five remuneration components are -

- fixed remuneration (including fixed supplements)
- performance-based remuneration (variable salary), if any
- pension schemes, where applicable
- other benefits in kind
- severance payment, where applicable

The *fixed remuneration* would be determined on the basis of the role and position of the individual, including professional experience, responsibility, job complexity and local market conditions.

The *performance-based remuneration* motivates and rewards high performers who significantly contribute to sustainable results, perform according to set expectations for the individual in question, and generates stakeholder value within the Group.

- A.** Any remuneration payable to the Executives of the Company shall abide by the following norms-
- i. The base salary shall be competitive and based on the individual Executive's key responsibilities and performance;
 - ii. Base salaries would be based on a function-related salary system and be in line with the market developments shown by the benchmark research and additional market studies. When first appointed, an Executive's base salary will usually be below the maximum function-related salary. Normally (and subject to the decision of the Committee), the base salary would reach the maximum function-related salary level over a maximum 3-year period from appointment. The annual review date for the base salary would be April 1;

Adjustment of individual salaries by the Committee is influenced by the (annual) adjustment, if any, of the function related salary levels and the progress to the (maximum) function-related salary level if this level has not yet been reached;

- iii. The Executives may receive variable pay in addition to fixed salaries;



- iv. The performance-based pay to the Executives, including revisions, if any, would be decided by the Head of Human Resources of the Company in consultation with the Managing Director of the Company, as and when necessary, and subject to Applicable law;
- v. The performance-based pay would be granted to reflect the Company's financial results, the performance of the business unit where the Executive is employed and also, the individual's performance. The performance will be related to the fulfilment of various improvement targets or the attainment of certain financial objectives. Such targets will be set by the Board of Directors and may relate to inter alia operating income, operating margin or cash flow. Further, both financial and non-financial factors shall be taken into consideration when determining the individual's bonus. A discretionary assessment would always be ensured that other factors – including factors which are not directly measurable – have been considered;
- vi. The Board may, under specific circumstances, decide to reclaim the variable salary already paid or to cancel or limit or revise such variable salary to be paid to the Executives;
- vii. The Executives will be entitled to customary non-monetary benefits such as company cars, phone and such other fixed entitled benefits;
- viii. Pension contributions shall be made in accordance with applicable laws and employment agreements;
- ix. The Committee has decided to adopt a share-based incentive program for the Executives;
- x. The Executives resident outside India or resident in India but having a material connection to or having been resident in a country other than India, may be offered pension benefits that are competitive in the country where the Executives are or have been resident or to which the Executives have a material connection, preferably defined-contribution plans;
- xi. A Director may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board, as permissible under Applicable law;
- xii. If any Director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limit as prescribed or without the prior sanction, where it is required, under the Applicable law, such remuneration shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive the recovery of any sum refundable to it;
- xiii. Subject to the provisions of the applicable law, a Director who is in receipt of any commission from the Company and who is a managing or whole-time director of the Company shall not be disqualified from receiving any remuneration or commission from any holding or



subsidiary company of the Company, subject to its disclosure by the Company in the Board's report;

xiv. The Annual report would specify the Executive remuneration.

B. Any fee/ remuneration payable to the Non-Executive directors of the Company shall abide by the following norms –

- i. If any such director draws or receives, directly or indirectly, by way of fee/ remuneration any such sums in excess of the limit as prescribed or without the prior sanction, where it is required, under the Applicable law such remuneration shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive the recovery of any sum refundable to it;
- ii. Such directors may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board, as permissible under Applicable law;
- iii. An independent director shall not be entitled to any stock option and may receive remuneration only by way of fees and reimbursement of expenses for participation in meetings of the Board or Committee thereof and profit related commission, as may be permissible by the Applicable law.
- iv. The Annual Report would specify the remuneration paid to the Non-Executive directors as required under Applicable Law.

POLICY REVIEW

This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Applicable Law or as may be otherwise prescribed by the Committee/ Board from time to time.
