

REMUNERATION POLICY

OF RUPA & COMPANY LIMITED

FRAMED UNDER SECTION 178 (3) OF COMPANIES ACT, 2013 READ WITH CLAUSE 49 OF THE EQUITY LISTING AGREEMENT

I. INTERPRETATION CLAUSES

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

- “Applicable Law”** : Shall mean the Companies Act, 2013 and allied rules made thereunder, the listing agreement and includes any other statute, law, standards, regulations or other governmental instruction as may be applicable to the Company from time to time.
- “Directors”** : Refer to the Chairperson and all whole-time Directors.
- “Executives”** : Refer to the Directors, key managerial personnel and senior management.
- “Key Managerial personnel”** : 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.
- “Nomination and Remuneration Committee” or “the Committee”** : Shall mean a Nomination and Remuneration Committee of the Board.
- “Policy” or “this Policy”** : Shall mean the contents herein including any amendments made by the Board of Directors 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.

All terms not defined herein shall take their meaning from the Applicable Law.

II. EFFECTIVE DATE

This Policy shall become effective from the date of its adoption by the Board.

III. 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 adopted the remuneration Policy at the recommendation of the Committee. This Policy shall be valid for all employment agreements entered into after the approval of the Policy 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 individual case(s). Any deviations on elements of this remuneration policy under extraordinary circumstances, when deemed necessary in the interests of the Company, shall be reasoned and recorded in the Board’s minutes and shall be disclosed in the Annual Report or, in case of an appointment, in good time prior to the appointment of the individual.

III. 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.

IV. 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 remuneration policy, the Committee ensures that a

competitive remuneration package for all Executives is maintained and is also benchmarked with other companies operating in the same markets.

V. RESPONSIBILITIES AND POWERS OF THE COMMITTEE

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

- a) Preparing 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 Functional Heads.
- d) Monitoring and evaluating the application of this Policy;
- e) Monitoring and evaluating current remuneration structures and levels in the Company.

VI. 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 non-executive 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.

VII. 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 and other relevant provisions of Applicable Law:

- (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 and not related to promoters or Directors in the Company, its holding, subsidiary or associate company;
- (c) has or had no pecuniary relationship 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 has or had pecuniary relationship or transaction with the Company, its holding, subsidiary 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, 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 per cent 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 per cent or more of its receipts from the Company, any of its promoters, Directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the Company;
- f) shall possess 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.

VII. OVERALL CRITERIA FOR SELECTION OF EXECUTIVES

The assessment for Senior Management 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, Organizer & Administrator , Good Analytical skills Creative & Innovative.

VIII. 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, base remuneration (including fixed supplements)
- short-term incentives, i.e., performance-based pay (variable)

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 ***short-term incentives*** 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.

Any fee/remuneration payable to the non-executive Directors of the Company shall abide by the following norms –

- i. Such Director(s) 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;
- ii. 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 under the Applicable Law.

IX. DISCLOSURE AND DISSEMINATION

- i. The Policy shall be disclosed in the Board's report to shareholders of the Company at the annual general meeting.
- ii. The annual report of the Company would specify the details of remuneration paid to Directors.
- iii. The Company is required to publish its criteria of making payments to non-executive Directors in its annual report. Alternatively, this may also be put up on the Company's website and reference be drawn in the annual report.
