

MABEN NIDHI LIMITED

Policy on Board composition and Compensation.

(As approved by the Board on 25th March 2015)

We, at Maben Nidhi Limited, believe that an enlightened Board consciously creates a culture of leadership to provide a long term vision and policy approach to improve the quality of Governance. We also believe that the synergy of versatile individuals with diversified skill sets at the Board level will contribute a lot in improving the performance of the Company. Towards this, we ensure constitution of a Board of Directors with appropriate composition, size, diversified expertise, experience and commitment to discharge their duties and responsibilities effectively and efficiently. In line with the statutory requirement under sections 149 and 178 of the Companies Act, 2013 the following policies are adopted for the time being to act as the guiding principles in the appointment of Directors and the matters connected therewith.

I) Definitions

Unless the context otherwise requires, the following words and expressions shall have the meaning provided herein:

- i. **Act** - means the Companies Act, 2013 including any amendments and reenactments as the case may be from time to time
- ii. **Board**- means the collective body of Directors of the Company
- iii. **Committee**- means the committees of Directors constituted by the Board
- iv. **Director**- means a Director appointed on the Board of the Company
- v. **Independent Director**- means an independent Director referred to in sub-section (5) of section 149 of the Companies Act, 2013.
- vi. **Nomination Committee**- means the Nomination and Remuneration Committee of the Board.

II) Policy statements

1. Board Diversity

1.1 The Board of Directors of the Company should have a fair combination of executive and non-executive Directors with not less than 40 percent being non- executive Directors.

1.2 The Company shall maintain the ratio of independent Directors as per the present requirement is one third of the total strength of the board.

1.3 The Board shall have at least one woman Director.

1.4 The independent Director to be appointed on the Board shall not hold Directorships in more than one Nidhi companies.

1.5 The vacancy caused by the demitting of office by an independent Director in any manner shall be filled within a period of 6 months. However, this requirement will not be applicable in cases where the vacancy will not affect the minimum required strength of independent Directors set under this policy or as per the statutory provisions/ regulatory requirements.

1.6 The Company shall appoint Directors keeping in mind an ideal diversity in knowledge or expertise that could add value to the overall performance of the Board and of the company. The desired diversity may be fixed by the Nomination and Remuneration Committee based on the nature of business of the Company from time to time. The diversity of the total Board may include the following;

Expertise in;

- i. Banking, Finance, Accountancy, Taxation
- ii. Governance, Regulatory background, Law and practice
- iii. Management, Administration (including Civil Service)
- iv. Engineering, Human resource, Subject of social relevance
- v. IT, Marketing

1.7 On selection of an independent Director, the Chairman of the Board/ Managing Director shall issue a letter of appointment to the Director and he shall also accepted the terms and conditions mentioned in the appointment letter.

2. Familiarization & Skill enhancement program for Directors

2.1 The Board may on the recommendation of the Nomination and Remuneration Committee devise a familiarization program for Directors so as to give a fair understanding about the company, its business and the general industry environment in which the Company and its subsidiaries are operating. This may be arranged by way of interactive sessions with Chairman of the Board, senior Directors, Managing Director and other Key management personnel of the company. In addition, Board may put in place an induction manual for Directors as it may deem fit.

2.2 A newly appointed non- executive Directors may be given the opportunity to familiarize with the company.

2.3 In addition to the familiarization program, the Board may, if it think so, organize Director's skill refreshment programs or workshop on topics relevant to the Directors/Company or nominate to programs organized by industry associations or professional bodies.

3. Assessment of independence & Fit and proper criteria.

3.1 While considering the appointment of an independent Director, the Nomination and Remuneration Committee and the Board shall ensure that the incumbent satisfies the test of independence as provided under the Companies Act. The Board shall on a continuous basis ensure that the independent Directors continue to maintain their independence during their tenure on the board.

3.2 To achieve the above objectives, the Board may obtain proper declarations from the appointee/ Directors at the time of appointment and at such intervals as the Board may deem fit.

4. Age and tenure of independent and non-executive Directors.

4.1 The independent Directors appointed in the Company will have tenure of 5 years. They can be re-appointed for another term of 5 years in compliance with the applicable provisions of the Companies Act and Nidhi Rules.

4.2 The Company shall select only persons in the age group between 30 and 70 years for appointments to the position of non-executive Directors.

5. Review of performance of independent Directors

5.1 The Nomination and Remuneration Committee and the Board shall put in place a mechanism for the review of performance of each independent Director and other non-executive Directors.

5.2 The review of performance shall be undertaken once in a financial year preferably before the Annual General Meeting.

5.3 Based on the review of performance, the Board may recommend for the continuance, re-appointment or removal of Directors.

6. Compensation of Executive and Non- executive Directors.

6.1 On the recommendation of the Nomination and Remuneration Committee, the Board will fix the remuneration of non-executive Directors (including independent Directors)

6.2 The non- executive Directors other than nominee Directors shall be entitled for sitting fees for attending board/ committee meetings at such rate as may be approved by the Board from time to time.

6.3 In addition to the sitting fees, the Company will bear or reimburse the normal travelling, boarding and lodging expenses of Directors incurred for the purpose of attending board/ committee meetings or for attending any other duties on behalf of the company.

6.4 Subject to the compliance with the provisions of Companies Act, 2013, the Board may on the recommendation of the Nomination and Remuneration Committee after taking into account the profitability of the Company for each financial year approve the payment of an annual commission payable to each non-executive(other than nominee Directors) / independent Directors of the Company for each financial year or part thereof.

6.5 Where a Director has left the Company before the completion of a financial year or before approving the payment of commission by the board, the Board may in its absolute discretion sanction such amount as commission to such Director for his services during the period for which the commission was fixed.

6.6 Remuneration of executive Directors shall be fixed by the Board on the basis of recommendation of the Nomination and Remuneration Committee. The remuneration of the executive Directors shall be a combination of fixed monthly salary in terms of their appointment as approved by the board/ shareholders and a performance based annual commission to be decided by the Board on the recommendation of the Nomination and Remuneration Committee.

6.7 The performance parameters to be applicable to the executive Directors, the minimum and maximum amount of commission payable in line with the achievement of various targets/ parameters will be decided by the Nomination and Remuneration Committee from time to time.

7. Succession planning for appointment to Board and senior management positions.

7.1 The Board may identify suitable persons to be appointed to the Board positions for filling up vacancies.

7.2 The vacancies caused by the exit of an independent Director may be filled by the appointment of an independent Director. However, if the vacancy does not affect the strength of minimum required independent Directors, the Board may fill the vacancy as it may deem fit.

7.3 Suitable candidates may be identified by the Directors from reputable references or from data banks maintained by industry associations, professional bodies or non-governmental organizations or by inviting applications through any media.

7.4 Vacancies in senior positions in the Company may be filled by a system of promotion of existing employees based on appropriate screening procedures set by the Nomination and Remuneration Committee from time to time.

7.5 Company may identify critical positions and shall devise a system of proper mentoring to identify officers of the Company to take up the senior positions wherever a vacancy is caused to ensure the business continuity in the best interest of the company.

8. Compensation plan for Key Management personnel (KMPS) and other senior management team members

8.1 The compensation structure of KMPs and senior team members shall consists of fixed salary components (including variable dearness allowances) at par with the industrial standards and a performance linked incentive/ bonus payment to be approved by the Nomination and Remuneration Committee.

8.2 The compensations structure shall be devised in a manner that will help the Company to attract and retain top talents to run the Company efficiently with a long term perspective.

8.3 The compensation structure may also include stock options targeting employee participation in ownership of the Company and to ensure the retention of potential talents for the future growth and diversity of the company.

III) Applicability of Laws/ regulations/ guidelines:

Change in underlying laws/ regulations may supersede the provisions of this policy. At any time if there is any amendment to the applicable laws or regulations or guidelines affecting the provisions of this policy, the policy shall be deemed as amended to the extend applicable and the amended provisions will take effect from the date of change in the underlying laws/regulations or guidelines.

IV) Applicability of the Policy

The Policy shall become effective from the date on which it is approved by the Board.

V) Amendment to the Policy

The Provisions of this policy may be amended by the Board at any time on the recommendation of the Nomination and Remuneration Committee.
