

# **BLUE STAR LIMITED**

## **NOMINATION AND REMUNERATION POLICY**

### **1. Preamble**

Blue Star Limited's Nomination and Remuneration Policy (Policy) has been formulated in terms of the provisions of Section 178 of the Companies Act 2013 ("the Act") and Regulation 19(4) of SEBI (Listing Obligations & Disclosure Requirements), Regulation 2015 ("LODR"). The Policy has been approved by the Board of Directors upon recommendation of Nomination and Remuneration Committee. The Policy shall be disclosed in the Board's report and on the website of the Company. The Committee shall also approve any amendment to the Policy from time to time.

### **2. Objectives**

The objective of this Policy is to provide a broad framework for the Board of Directors of the Company on:

- a) Appointment and removal of the Directors, Key Managerial Personnel (KMP) and employees in Senior Management;
- b) Remuneration payable to the Directors, KMP and employees in Senior Management; and
- c) Board diversity.

The Nomination and Remuneration Committee shall ensure:

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the Directors of the quality required to run the Company successfully;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to the Directors, KMP and Senior Management involves a balance between fixed and variable compensation reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

### **3. Definitions**

'Applicable law' shall include the Companies Act, 2013 read with the rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and any other relevant enactment, notifications, circulars or guidelines issued by the central or state government or any statutory or regulatory body, as amended from time to time. The provisions of the policy herein shall be

read with the provisions of the applicable law which shall have the precedence.

‘Board’ means Board of Directors of the Company.

‘Company’ means Blue Star Limited.

‘Committee’ means Nomination and Remuneration Committee of the Board.

‘Independent Director’ means a director referred to in section 149(6) of the Companies Act, 2013.

‘Key Managerial Personnel (KMP)’ means:

- (i) the Managing Director or the Chief Executive Officer or;
- (ii) the Company Secretary;
- (iii) the Whole-Time Director;
- (iv) the Chief Financial Officer;
- (v) such other officer, not more than one level below the directors who is in whole time employment with the Company and designated as Key Managerial Personnel by the Board and
- (vi) such other officer as may be prescribed under the Act.

‘Senior Management’ shall mean employees of the Company at leadership level, directly reporting into the executive directors.

#### **4. Appointment and removal of Director, KMP and Senior Management Personnel**

##### **4.1 Directors:**

##### **a) Qualifications, expertise and positive attributes:**

The Committee will have the responsibility and authority to decide *interalia* the essential and desirable expertise and experience required from the individuals considered for the office of Directors. The Committee shall also ensure that the candidate for the position of Director possesses the requisite qualifications and attributes as per the applicable laws. The Committee shall ensure that the skills and expertise of the members of the Board are complementary to ensure optimum talent mix for enabling it to steer the Company to the desired growth trajectory.

b) Independence of Directors:

The Committee shall establish criteria of independence as required under the applicable laws for appointment of independent directors.

c) Removal of Director:

The Committee may recommend to the Board with reasons recorded in writing, removal of a Director due to reasons such as disqualification prescribed under the applicable laws.

d) Retirement of Director:

The retirement date of the Executive Directors including Managing Director and Joint Managing Director shall be on the last day of the month in which they attain the age of 65 years.

The retirement date of Non-Executive Directors shall be on the last day of the month in which they attain the age of 75 years.

4.2 KMP:

a) Qualifications and positive attributes:

It shall be the responsibility of the Committee to ensure that the persons appointed to the office of KMP possess the requisite skills, competencies, expertise and relevant sectoral experience necessary to enable them to discharge critical functions handled by them in an effective manner.

b) Removal of KMP:

The Committee may recommend to the Board, removal of a KMP, for any deviations relating to performance, eligibility, integrity or compliance with the code of conduct, subject to such terms as it may deem fit.

c) Retirement of KMP:

The retirement age of KMP shall be as per the prevailing policy of the Company, subject to the applicable laws.

#### 4.3 Senior Management Personnel:

a) Qualifications and positive attributes:

The Managing Director and/or the Joint Managing Director will decide on the competencies, sector specific experience and expertise that are required for the appointment of members of the Senior Management, as per the criteria laid down by the Committee. The Committee shall seek compliance of the code of conduct of the Company by the members of the Senior Management.

b) Removal of Senior Management Personnel:

The Committee shall lay down the criteria applicable for removal of the members of the Senior Management. The Managing Director and/or the Joint Managing Director will take decisions related to removal of Senior Management Personnel in line with this and keep the Committee informed about the same.

c) Retirement of Senior Management Personnel:

The retirement age of Senior Management Personnel shall be as per the prevailing policy of the Company, subject to the applicable laws.

### 5. Remuneration structure

5.1 While determining the remuneration of the Director, KMP and Senior Management Personnel, the Committee shall consider the following:

- a) adequacy of the level and composition of remuneration;
- b) the relationship of remuneration and performance parameters is clear;
- c) balance between fixed and variable incentives;
- d) share-based and other compensation plans;
- e) the Company's performance against the annual budget, and individual performance against the key result areas;
- f) performance evaluation to determine revision of remuneration from time to time;
- g) compensation and benefits survey based on industry benchmarks and current trends.

## 5.2 Remuneration to Executive Directors:

The remuneration payable to the Executive Director(s) shall be determined by the Committee subject to the limits approval of the shareholders, ceiling limits and other conditions prescribed under the Act. Increments on the existing remuneration may be recommended by the Committee to the Board which should be within the aforesaid limits.

The remuneration shall comprise a mix of fixed and variable remuneration in the form of performance linked incentives based on the share based and/or other schemes approved by the Committee from time to time subject to applicable laws.

## 5.3 Remuneration to Non-Executive Directors:

The Non-Executive Directors shall be paid remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings and commission.

The sitting fees for each meeting of the Board or Committee of the Board attended by a Non Executive Director shall be such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and rules framed thereunder.

A Non-Executive Director will also be entitled to receive commission on an annual basis on the net profits of the Company, as may be approved by the Board on the recommendation of the Committee, within the limits as approved by the shareholders, subject to the applicable laws. The commission shall be payable on a pro-rata basis to those Directors who occupy office for part of the year, subject to the approval of the Board.

## 5.4 Remuneration to KMP and Senior Management Personnel:

The Managing Director and/or the Joint Managing Director shall propose the structure of remuneration for KMPs and Senior Management Personnel, and seek the approval of the Committee for the same.

The Committee shall also approve the annual revision in the remuneration of KMP.

## **6. Board Diversity**

The Committee should assist the Board in ensuring Board nomination process with the diversity of gender, experience and knowledge in the Board.

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