

INNOVA CAPTAB LIMITED

NOMINATION & REMUNERATION POLICY

<i>Approving Authority</i>	<i>Board of Directors of the Company</i>
<i>Version</i>	<i>2.0</i>
<i>Adopted and Approved</i>	<i>19 June 2022</i>

PREAMBLE

Innova Captab Limited (the “**Company**”) has formulated this Nomination and Remuneration Policy (“**Policy**”) to provide a framework for remuneration of members of the board of directors (the “**Board**”) of the Company, key managerial personnel, and other employees of the Company.

This Policy is guided by the principles and objectives as enumerated in Section 178 (3) of the Companies Act, 2013 and the rules made thereunder, each as amended (the “**Act**”) and Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**SEBI Listing Regulations**”), to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company.

This Policy reflects the remuneration philosophy and principles of the Company and considers the pay and employment conditions with peers / competitive market to ensure that pay structures are appropriately aligned.

The following policy has been formulated by the NRC Committee and adopted by the Board of Directors at its meeting held on 19 June 2022.

FUNCTIONS OF NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee shall:

- i. 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 Directors, Key Managerial Personnel and other employees.
- ii. Formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors.
- iii. Identify persons who are qualified to become Directors and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- iv. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.
- v. Devise a policy on diversity of Board of Directors; and
- vi. 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.
- vii. Recommend to the Board, all remuneration, in whatever form, payable to senior management.

viii. With effect from 01st January 2022, for every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

- a. use the services of an external agencies, if required;
- b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
- c. consider the time commitments of the candidates.

REMUNERATION OF NON-EXECUTIVE AND INDEPENDENT DIRECTORS

Non-Executive and Independent Directors (“NEDs”) will be paid remuneration by way of sitting fees. The remuneration / compensation to the NEDs will be determined by the Nomination and Remuneration Committee (“NRC”) and recommended to the Board for its approval.

The sitting fee payable to the NEDs for attending the Board and committee meetings will be fixed, subject to the statutory ceiling. The fee will be reviewed periodically and aligned to comparable best in class companies.

NEDs will not be eligible to receive stock options under the existing employee stock option scheme(s) (“ESOP”) of the Company.

NEDs are entitled to be paid all travelling and other expenses they incur for attending to the Company’s affairs, including attending meetings of the Company.

The remuneration payable by the Company to NEDs shall be subject to the conditions specified in the Act and the SEBI Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

REMUNERATION OF EXECUTIVE DIRECTOR

The compensation paid to the executive directors (including Managing Director and Whole Time Directors) will be within the scale approved by the shareholders. The elements of the total compensation, approved by the NRC will be within the overall limits specified under the Act.

The elements of compensation of the executive director include the elements as described below.

The NRC will determine the annual variable pay compensation in the form of annual incentive and annual increment for the executive director based on Company’s and individual’s performance as against the pre-agreed objectives for the year.

The executive directors, except for a promoter director, will also be eligible for ESOPs as per the ESOP scheme in force from time to time. Grants under the ESOP scheme shall be approved by the NRC.

In case of inadequacy of profit in any financial year, the remuneration payable to the executive directors shall be further subject to the relevant provisions of the Act.

Executive directors will not be paid sitting fees for any Board / committee meetings attended by them.

The remuneration payable by the Company to the executive directors shall be subject to the conditions specified in the Act and the SEBI Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

Remuneration of Key Managerial Personnel / Other Employees

The Company's total compensation for Key Managerial Personnel as defined under the Act/ other employees may consist of:

1. Fixed compensation
2. Variable compensation in the form of performance bonus
3. Benefits
4. Work related facilities and perquisites.

In addition, selected senior executives may be eligible for long-term incentive plan in the form of ESOPs, as per the ESOP scheme in force from time to time. Grants under the ESOP scheme will be approved by the NRC.

Fixed compensation will be determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends in the market value of the job and the skills, experience and performance of the employee. Fixed compensation will include basic salary, housing allowance, leave travel allowance and other allowances.

Based on the grade and seniority of employees, benefits for employees may include:

1. Housing
2. Travel/vacation costs for the executive & his/her family
3. Health insurance
4. Accident and life insurance
5. Retirement benefits
6. Contribution to statutory benefits such as provident fund account, gratuity, etc.

Employees will also be eligible for work related facilities and perquisites as may be determined through human resources policies issued from time to time based on the grade of the employee.

A formal annual performance management process will be applicable to all employees, including senior executives. Annual increases in fixed compensation of individual executives will be directly linked to the performance ratings of individual employee.

Overall compensation of employees shall be subject to periodic reviews which takes into account their performance, as well as factors such as affordability based on the Company's performance and the economic environment.

Employees may be eligible for ESOPs as per the ESOP scheme approved by the Shareholders and in force from time to time. The objective of the ESOP is to reward the eligible employees, for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Company.

Employees may be eligible for severance payments in accordance with the termination clause in their employment agreement subject to applicable regulatory requirements.

COMMITTEE MEMBERS INTEREST

A member of the NRC is not entitled to participate in the discussions when his/her own remuneration is discussed at a meeting or when his/her performance is being evaluated.

The NRC may invite such executives, as it considers appropriate, to be present at the meetings of the NRC.

ADOPTION, CHANGES AND DISCLOSURE OF INFORMATION

This Policy and any changes thereof will be approved by the Board based on the recommendation(s) of the NRC.

This Policy may be reviewed at such intervals as the Board or NRC may deem necessary.

Such disclosures of this Policy as may be required under the Act and SEBI Listing Regulations may be made.

DISSEMINATION OF POLICY

A copy of this Policy shall be handed over to all Directors within one month from the date of approval by the Board. This Policy shall also be posted on the website of the Company and the details of this Policy, including the evaluation criteria, shall be mentioned in the Annual Report of the Company.

