

NOMINATION AND REMUNERATION POLICY

Parsvnath Developers Limited

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1. PREAMBLE

The Board of Directors of Parsvnath Developers Limited (“the Company”) constituted the “Remuneration Committee” at its Meeting held on March 14, 2006 and subsequently renamed the same as “Nomination and Remuneration Committee” with effect from May 28, 2014. This Nomination and Remuneration Policy has been formulated in compliance with Section 178 of the Companies Act, 2013 read with the applicable rules thereto and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (Listing Regulations) and further amended, based on the recommendation of the Nomination and Remuneration Committee, by the Board of Directors at its meeting held on August 13, 2019.

2. DEFINITIONS

- a) **“Act”** means the Companies Act, 2013, as amended from time to time.
- b) **“Board”** means Board of Directors of the Company.
- c) **“Committee”** means Nomination and Remuneration Committee (‘NRC’) of the Board of Directors.
- d) **“Company”** means Parsvnath Developers Limited.
- e) **“Directors”** mean Directors appointed to the Board of Directors of the Company.
- f) **“Independent Director”** means a director referred to in Section 149 (6) of the Act read with regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (“Listing Regulations”)
- g) **“Key Managerial Personnel”** means Key Managerial Personnel (KMP) as defined under the Act and includes:
 - (i) Managing Director, or Chief Executive Officer or Manager;
 - (ii) Whole-time director;
 - (iii) Company Secretary;
 - (iv) Chief Financial Officer; and
 - (v) such other officer(s) as may be prescribed
- h) **“Policy”** means Nomination and Remuneration Policy, as amended from time to time.
- i) **“Senior Management”** means Personnel of the Company who are members of its core management team excluding the Board of Directors. This would normally comprise all members of management one level below the Chief Executive Officer/Managing Director/Whole Time Director/Manager (including Chief Executive Officer/Manager, in case they are not part of the Board) and shall specifically include Company Secretary and Chief Financial Officer.

3. OBJECTIVES

The key objectives of the Policy are to ensure that:



- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, Key Managerial Personnel and Senior Managerial Personnel of the quality of work required to run the company successfully;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals and
- d) to develop a succession plan for the Board and senior management.

4. TERMS OF REFERENCE/ ROLE OF THE COMMITTEE

The Committee shall have roles in accordance with the provisions of Section 178 of the Act read with Rules made thereunder and Regulation 19 read with Part D of Schedule II to the Listing Regulations and shall act in accordance with the terms of reference which shall, inter alia, include the following:

- a) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- b) formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- c) devising a policy on diversity of Board of Directors;
- d) identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal;
- e) 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;
- f) recommend to the board, all remuneration, in whatever form, payable to senior management;
- g) To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- h) Decide the salary, allowances, perquisites, bonuses, notice period, severance fees and increment etc. of Whole-time/Managing/Executive Directors;

5. APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

- a) The Committee shall identify and ascertain the integrity, qualifications, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend his / her appointment, as per Company's Policy.
- b) A person should possess adequate qualification, expertise and experience for the position he/ she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding his position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution.
- d) Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman and/or Managing Director based on the business need and the suitability of the candidate in accordance with the criteria laid down. The details of



the appointment made and the personnel removed/relieved shall be presented to the Board.

6. TERM / TENURE

a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director it should be ensured that the number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act and Listing Regulations.

7. EVALUATION

The Committee shall carry out evaluation of performance of Directors including Independent Directors, Board of Directors yearly or at such intervals as may be considered necessary.

8. REMOVAL

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Act, Listing Regulations and the policy of the Company.

9. RETIREMENT

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/



remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

10. POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL

a) Remuneration to Managing Director / Whole-time Directors:

- i. The Remuneration/ Commission etc. to be paid to Managing Director / Whole-Time Directors, etc. shall be governed as per provisions of the Act and rules made there under or any other enactment for the time being in force and the approvals obtained from the shareholders of the Company.
- ii. The fees or compensation payable to Managing Director / Whole-Time Directors, etc. who are Promoters or members of the Promoter Group, shall be subject to the approval of the shareholders by Special Resolution in General Meeting, if
 - a) the annual remuneration payable to such Director exceeds Rupees 5 crore or 2.5% of the Net Profits of the Company, whichever is higher; or
 - b) where there is more than one such director, the aggregate annual remuneration to such Directors exceeds 5% of the Net Profits of the Company.

The said approval of the shareholders shall be valid only till the expiry of the term of such Director.

Net Profits for this purpose shall be calculated as per Section 198 of the Act.

- iii. The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.

b) Remuneration to Non-Executive / Independent Directors:

- i. The Non-Executive/ Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of the Act. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors. Provided that the amount of such fees shall not exceed Rs. One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
- ii. The Non-Executive/ Independent Directors may be paid commission within the monetary limit approved by the shareholders, subject to the limit as per the applicable provisions of the Act.
- iii. All the remuneration of the Non-Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Act) shall be subject to ceiling/ limits as provided under the Act and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders,



as the case may be and the approval of shareholders by Special Resolution shall be obtained every year, in which the annual remuneration payable to a single Non-Executive Director exceeds 50% of the total annual remuneration payable to all Non-Executive Directors, giving details of the remuneration thereof.

- iv. An Independent Director shall not be eligible to get Stock Options of the Company.
- v. Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:
 - The Services are rendered by such Director in his capacity as a professional; and
 - In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

c) Remuneration to Key Managerial Personnel and Senior Management:

- i. The remuneration to Key Managerial Personnel and Senior Management may consist of fixed pay and incentive pay, in compliance with the provisions of the Act and in accordance with the Company's Policy.
- ii. The Fixed pay shall include monthly remuneration and may include employer's contribution to Provident Fund, contribution to pension fund, pension schemes, if any, etc. as decided from to time.
- iii. The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

11. CRITERIA FOR EVALUATION OF THE DIRECTORS:

The criteria for evaluation under different categories depend on the role the person/group plays in the organization. The criteria for every evaluation may be decided at every level depending on the functions, responsibilities, competencies required, nature of business, etc. As per the Act and the Listing Regulations, the primary responsibility of formulation of criteria lies on the Nomination and Remuneration Committee.

Indicative criteria that may be used for different categories are:

a) Board as a whole

- i. Structure of the Board: Competency of directors, Experience of directors, Mix of qualifications, Diversity in Board under various parameters viz. Gender/background/ competence/experience, etc., Process of Appointment to the Board.



- ii. Meetings of the Board: Regularity and frequency of Meetings of the Board, logistics viz. venue, format and timing etc., Agenda, Discussions and dissent, Recording of minutes, Dissemination of information.
 - iii. Functions of the Board: Role and responsibilities of the Board, Strategy and performance evaluation, Governance and compliance, Evaluation of Risks, Grievance redressal for Investors, Conflict of interest, Stakeholder value and responsibility, Corporate culture and values, Review of Board evaluation, Facilitation of independent directors.
 - iv. Board and management: Evaluation of performance of the management and feedback, Independence of the management from the Board, Access of the management to the Board and Board access to the management, Secretarial support, Fund availability, Succession plan.
 - v. Professional development
- b) Committees of the Board**
- i. Mandate and composition
 - ii. Effectiveness of the Committee
 - iii. Structure of the Committee and meetings
 - iv. Independence of the Committee from the Board:
 - v. Contribution to decisions of the Board
- c) Individual Directors and Chairperson (including Chairperson, CEO, Independent Directors, Non-independent Directors, etc.)**
- i. Qualifications
 - ii. Experience
 - iii. Knowledge and Competency
 - iv. Fulfillment of functions
 - v. Ability to function as a team
 - vi. Initiative
 - vii. Availability and attendance
 - viii. Commitment
 - ix. Contribution
 - x. Integrity
- d) Additional criteria for Independent Director:**
- i. Independence
 - ii. Independent views and judgment:
- e) Additional criteria for Chairperson:**
- i. Effectiveness of leadership and ability to steer the meetings
 - ii. Impartiality
 - iii. Commitment



iv. Ability to keep shareholders' interests in mind

Different criteria may be assigned different weights depending on the organisation's requirements, circumstances, outcome of previous assessments, stage of Board's maturity, etc. Instead of the questionnaire in a simple yes/no format, it should provide scope for grading, additional comments, suggestions, etc.

12. CONSTITUTION OF THE COMMITTEE

- a) The Committee shall comprise at least 3 non-executive directors, majority of them being Independent.
- b) Minimum two (2) members or one-third (1/3) of the members of the Committee, whichever is greater, including at least one Independent Director in attendance, shall constitute a quorum for the Committee meeting.
- c) The Company Secretary will act as a Secretary to the Committee.

13. CHAIRPERSON OF THE COMMITTEE

- a) Chairperson of the Committee shall be an Independent Director.
- b) Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairperson of the Committee.
- c) In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson except the Chairman of the Company.
- d) Chairperson of the Committee meeting shall be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

14. MEETING OF THE COMMITTEE

The Committee shall meet at least once in a year.

15. COMMITTEE MEMBERS' INTERESTS

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

16. POLICY ON BOARD DIVERSITY

The Board of Directors shall have the optimum combination of Directors from the different areas/fields like Management, Finance, Sales, Marketing, Retail, Commercial, Human Resources etc. or as may be considered appropriate.

The Board shall have atleast one Woman Director as per the statutory requirements.

17. SUCCESSION PLAN

The Nomination and Remuneration Committee shall review the leadership needs and



succession plan of the Company from time to time.

The appointment of the person at the Board level shall be in accordance with the applicable provisions of the Act read with Listing Regulations, as may be amended from time to time. The successors for the Independent Directors shall be identified by NRC through the sources as the NRC may deem fit. In case of separation of Independent Directors due to resignation/retirement or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later, unless the Board decides not to fill up the vacancy.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit. The NRC will review the proposed appointments giving due consideration for the expertise and other criteria required for the successor and submit its recommendations to the Board.

The vacancy at Senior Management shall be filled with the authority of Chairman and/or Managing Director or Executive Director in line with internal policy adopted by the management keeping in view the future growth and development. Appointment of the Chief Executive Officer/Chief Financial Officer/Company Secretary shall be as per the provisions of the Act read with Listing Regulations.

18. DISCLOSURE OF INFORMATION

Details of Policy shall be disclosed in the Board's Report.

19. APPLICABILITY OF THE REMUNERATION POLICY

This Policy shall be applicable to the Directors, KMPs, Senior Management of the Company as well as Company's subsidiary companies.

Any departure from the policy can be undertaken only with the approval of the Board of Directors.

20. REVIEW AND AMENDMENT

- a) The Committee or the Board may review the Policy as and when it deems necessary.
- b) The Committee may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.
- c) This Policy may be amended or substituted by the Board as and when required.
- d) This Policy shall be hosted on the Company's website.
- e) The right to interpret this Policy vests in the Board of Directors of the Company.

