

Nomination and Remuneration Policy

Introduction:

This Nomination and Remuneration Policy (hereinafter referred to as “The Policy”) has been formulated in accordance with the provisions of Companies Act, 2013 and the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended from time.

The Policy outlines the role of the Nomination and Remuneration Committee and the Board of Rainbow Foundations Limited in *inter-alia* determining the criteria for Board membership, approve and recommend compensation packages and policies for Directors and Senior Management and lay down the effective manner of performance evaluation of the Board, its Committees and the Directors.

Objective

Following shall be the broad responsibilities of the Nomination and Remuneration Committee:

- (1) 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;
- (2) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (3) devising a policy on diversity of board of directors;
- (4) 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.
- (5) To extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors
- (6) recommend to the board, all remuneration, in whatever form, payable to senior management

Constitution

The Committee shall comprise at least three Directors, all of whom shall be non-executive directors and at least fifty percent shall be Independent Directors and an independent director shall be the Chairperson of the Committee.

The Chairperson of this Committee or in case of his absence, any other person authorised by him shall attend the general meetings of the Company.

The quorum for the meeting shall be two (2) members or 1/3rd of the members of the committee, whichever is greater, including at least one independent director in attendance.

The Committee shall meet, convene and conduct Committee meetings through video conferencing or audio-visual means, as may be provided by the Company at least once in a year.

Meaning of Terms Used

- a. **“Act”** means the Companies Act, 2013 including the rules, schedules, clarifications and guidelines issued by the Ministry of Corporate Affairs from time to time
- b. **“Board”** refers to Board of Directors of the Company
- c. **“Company”** means Rainbow Foundations Limited
- d. **“Independent Director”** means a director referred to in Section 149(6) of the Act,.
- e. **“Key Managerial Personnel”** in relation to a Company means
 - i. the Chief Executive Officer, or the Managing Director or the Manager
 - ii. the Company Secretary;
 - iii. the Whole-time director;
 - iv. Chief Financial Officer;
 - v. such other officer, not more than one level below the directors who is in whole time employment, designated as key managerial personnel the Board; and
 - vi. such other officer as may be prescribed under the Companies Act, 2013.
- f. *** (“Senior Management”** would include all members of management one level below the CEO / MD/ Whole Time Director / Manager (including CEO / Manager, in case CEO / Manager is not part of the Board) and should specifically include the Company Secretary and the Chief Financial Officer (CFO).)

(*Effective from April 1, 2019.)

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Act, Listing Regulations and / or any other SEBI Regulation(s) as may be amended from time to time shall have the meaning respectively assigned to them therein.

Roles and Responsibilities

The role and responsibility of the Committee shall be to undertake specific duties listed below and it will have the authority to undertake such other duties as the Board prescribes from time to time.

BOARD MEMBERSHIP

1. Criteria for appointment as a Director

The Committee shall formulate criteria for determining and identify such persons who have relevant qualifications, skills, expertise, qualities, positive attributes required to be a Director of the Company.

Following is the criteria recommended by the Committee and approved by the Board for nominating / inducting a Director on the Board of the Company:

- a. composition of the Board, taking into consideration the size of the Company and consistent with the requirement of law;
- b. diversity on the Board;
- c. optimal balance of skills and relevant experience and professional qualifications;
- d. expertise and experience in specific area of business;
- e. no present or potential conflict of interest;
- f. personal characteristics in line with the Company's values, such as integrity, honesty, and transparency; and
- g. any other criteria which may be added by the Board at its discretion.

2. Identify persons as potential candidates who are qualified to be Directors/ KMP/SMP

The process of identification shall include ascertaining, meeting, screening and reviewing candidates for appointment as Directors, whether Independent, Non-Executive or Executive. The existing Directors who continue to satisfy the criteria may also be considered by the Committee for re-appointment. The re-appointment of Directors shall be recommended by the Committee after taking into consideration the performance of such a Director.

3. Nomination of candidates for approval of Board

The Committee on satisfaction of a potential candidate meeting the criteria and having completed the identification and selection process, will recommend such persons' candidature to the Board for appointment. The Committee may recommend the candidates to the Board when:

- Any vacancy in the Board is required to be filled due to retirement or resignation or;
- Any vacancy arisen out of annual Board/ Director performance evaluation or;
- Any vacancy as a result of end of tenure in accordance with the Act, Rules and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or;
- Any change required in the Board on account of diversity or;
- Any change required by law.

PERFORMANCE EVALUATION OF BOARD, COMMITTEE AND DIRECTORS

1. Process for effective evaluation of performance of Board, its Committees and individual Directors and review its implementation and compliance- The Committee shall determine a process for evaluating the performance of every Director, Committees of the Board and the Board on an annual basis. The Committee shall also review its own performance on an annual basis. The Committee may seek the support and guidance of external experts and agencies for this purpose.
2. Evaluate the performance of the Managing Director or Whole-time Director-The Committee shall evaluate the performance of the Managing Director by setting his Key Performance Objectives or Key Performance Parameters at the beginning of each financial year. The Committee shall ensure that his Key Performance Objectives are aligned with the immediate and long-term goals of the Company.

REMUNERATION OF DIRECTORS, SENIOR MANAGEMENT & EMPLOYEES

1. Determine the Executive compensation

The Committee shall also approve the compensation package of the Managing Director or Executive Director(s). The compensation structure shall include basic salary, perquisites, commission, etc. The Committee shall ensure that the compensation packages are in accordance with applicable law, in line with the Company's objectives, shareholders' interests, with industry standards and have an adequate balance between fixed and variable component. All the recommendations of the Committee shall be referred to the Board for approval.

2. Compensation of Senior Management

The Committee shall review the performance of the senior management of the Company, i.e., the members of the Executive Council of the Company, as presented by the Managing Director . The Committee shall also provide an annual overview of the remuneration payable to Key Managerial Persons as defined under the Act and Senior Management of the Company. The Committee shall ensure that the remuneration to the Key Managerial Persons 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.

3. Remuneration to other employees

Focus on productivity and pay for performance have been the cornerstone of the Company's overall remuneration policy. The Company regularly benchmarks the compensation levels and employee benefits in the market and makes necessary changes to remain consistent with the industry standards. The Committee reviews the Performance management and rewards process from time to time. The remuneration structure of employees is designed on principles of fairness, transparency and internal and external parity and involves an optimum balance of fixed and variable components.

4. Remuneration to Non- Executive / Independent Director:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One Lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

Commission may be paid within the monetary limit approved by shareholders, subject to the applicable provisions of the Act.

An Independent Director or any Director who either himself or through his relative or through any Body Corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company shall not be entitled to any stock option of the Company.

Power of the Committee

The Committee shall have inter-alia following powers:

- Conduct studies or authorise studies of issues within the scope of the Committee with full access to all books, records, facilities and personnel of the Company.
- Retain or seek advice of consultants and experts for performance of their role under this Policy and the costs relating thereto shall be borne by the Company.
- Delegate its powers or form sub-committees to perform any of its functions or role under this Policy, subject to approval of the Board.

MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting

Limitation and Amendment

In the event of any conflict between the provisions of this policy and the Act or SEBI LODR or any other statutory requirements, rules, regulations, enactments, the provisions of such Act or SEBI LODR or any other statutory requirements, rules, regulations, enactments, the provisions shall prevail over this policy.

Any subsequent amendment/modification in SEBI LODR, Act and/ or applicable laws in this regard shall automatically apply to this policy.

(The above policy was reviewed and approved by the Board of Directors at its meeting held on 30th May, 2019)