

POLO QUEEN INDUSTRIAL AND FINTECH LIMITED

NOMINATION AND REMUNERATION POLICY

(Effective from June 24, 2021)

POLO QUEEN INDUSTRIAL AND FINTECH LIMITED

NOMINATION AND REMUNERATION POLICY

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Introduction

Pursuant to Section 178 of the Companies Act, 2013 and the Rules framed thereunder (as amended from time to time) (the “**Act**”) and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) (the “**SEBI Listing Regulations**”), the Board of Directors of every listed company is required to constitute the Nomination and Remuneration Committee.

I. Objective

In order to comply with the requirements of Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations and any other applicable provisions, the Nomination and Remuneration Committee of the Board of Directors of the Company (the “**Committee**”) had formulated this policy (the “**Policy**”).

The key objectives of the Policy are as follows:

- a. To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director (Executive / Non-Executive) and recommend to the Board of Directors of the Company (the “**Board**”), policies relating to the remuneration of the Directors, Key Managerial Personnel and other employees.
- b. To formulate criteria for evaluation of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- c. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company’s operations.
- d. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- e. To devise a Policy on Board Diversity.
- f. To develop a succession plan for the Board and to regularly review the plan.
- g. To determine whether to extend or continue the term of appointment of the Independent Director(s), on the basis of the report of performance evaluation of Independent Directors.

II. Definitions

- a. “**Act**” means the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time.
- b. “**Board**” means the Board of Directors of the Company.
- c. “**Directors**” shall mean Directors of the Company.
- d. “**Key Managerial Personnel**” or “**KMP**” means:
in relation to a Company as defined sub-section 51 of Section 2 of the Companies Act, 2013, means and includes:



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- (i) the Chief Executive Officer or the Managing Director or the Manager;
- (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, designated as key managerial personnel by the Board; and
- (vi) such other officer as may be prescribed

e. **“Senior Management”** shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall 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.

f. **“Independent Director”** means a Director referred to in Section 149(6) of the Act.

III. Appointment and removal of Directors, KMPs and Senior Management

a. Appointment criteria and qualifications:

- i. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or Senior Management and recommend to the Board his / her appointment.
- ii. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has the discretion to decide whether qualifications, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- iii. The Company shall not recommend or appoint or continue the employment of any person as the Managing Director, Whole-Time Director or Manager within the meaning of the Act, who has attained the age of 70 (seventy) years. Provided that the appointment of such a person who has attained the age of 70 (seventy) years shall be made with the approval of the Shareholders by passing a special resolution, based on the explanatory statement annexed to the notice for the Meeting of the Shareholders for such motion indicating the justification for appointment or extension of appointment beyond the age of 70 (seventy) years.

b. Term / Tenure:

i. 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 5 (five) years at a time. No re-appointment shall be made earlier than 1 (one) year before the expiry of term.

c. Independent Director:

- i. An Independent Director shall hold office for a term up to 5 (five) consecutive years on the Board 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.
- ii. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of 3 (three) years of ceasing to become an



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Independent Director. Provided that an Independent Director shall not, during the said period of 3 (three) years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

iii. At the time of appointment of Independent Director(s) it should be ensured that number of Boards on which such Independent Director serves is restricted to 7 (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 or the SEBI Listing Regulations.

d. Evaluation:

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management at regular intervals (yearly).

The evaluation of performance of the Board, its Committees and Individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

The evaluation of Independent Directors shall be done by the entire Board of Directors which shall include –

- (a) performance of the Directors; and
- (b) fulfillment of the independence criteria as specified in these regulations and their independence from the management:

Provided that in the above evaluation, the Directors who are subject to evaluation shall not participate.

e. Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable law, rules and regulations, thereunder, the Committee may recommend, to the Board with reasons to be recorded in writing, removal of a Director, KMP or Senior Management, subject to the provisions and compliance of the said Act, such other applicable law, rules and regulations.

f. Retirement:

The Directors, KMP and Senior Management 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 in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

g. Policy relating to the Remuneration for the Whole-Time Director, KMP and Senior Management:

- i. The remuneration / compensation / commission etc. to the Whole-Time Director, KMP and Senior Management will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the Shareholders of the Company and Central Government, wherever required.
- ii. The remuneration and commission to be paid to the Whole-Time Director shall be in accordance with the percentage / slabs / conditions laid down as per the provisions of the Act.



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iii. Increments to the existing remuneration/ compensation structure may be recommended by the Committee or be carried out in accordance with the HR Policy of the Company, which should be within the slabs approved by Board and the Shareholders in the case of Managing Director / Whole-Time Director or as laid down as per the provisions of the Act.

h. Remuneration to Whole-Time / Executive / Managing Director, KMP and Senior Management:

i. The Whole-Time / Executive / Managing Director / KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including but not limited to, employer's contribution to Provident Fund (P.F.), Superannuation Fund, Pension Scheme, medical expenses, club fees, leave travel allowance, etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the Shareholders and Central Government, wherever required.

ii. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time / Executive / Managing Director in accordance with the provisions of Section 197 of the Act and Schedule V to the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

iii. Provisions for Excess Remuneration:

If any Whole-Time / Executive / Managing Director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

i. Remuneration to Non- Executive / Independent Director:

1) Remuneration / Commission:

The remuneration / commission shall be in accordance with the statutory provisions of the Act and the Rules made thereunder for the time being in force.

2) Sitting Fees:

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

3) Limit of Remuneration/Commission:

Remuneration/ Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

4) Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.



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IV. Membership:

- a) The Committee shall comprise of at least (3) Directors, all of whom shall be non-executive Directors and at least half shall be Independent Directors.
- b) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Act and the SEBI Listing Regulations.
- c) The quorum for the Meeting of the Nomination and Remuneration Committee shall either be two members or one third of the total strength of the Committee, whichever is higher (including at least one independent director in attendance).
- d) Membership of the Committee shall be disclosed in the Annual Report.
- e) Term of the Committee shall be continued unless terminated by the Board of Directors.

V. Chairperson:

- 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 Chairman 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.
- d) Chairman of the Nomination and Remuneration Committee meeting could be present at the annual general meeting or may nominate some other member to answer the shareholders' queries.

VI. Frequency of Meetings: +

The Nomination and Remuneration Committee shall meet at least once a year.

VII. 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.

VIII. Secretary:

The Company Secretary of the Company shall act as Secretary of the Committee.

IX. Duties of the Nomination & Remuneration Committee

Duties with respect to Nomination:

The duties of the Committee in relation to nomination matters include:

- i. Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- ii. Ensuring that on appointment to the Board, Independent Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- iii. Identifying and recommending Directors who are to be put forward for retirement by rotation.
- iv. Determining the appropriate size, diversity and composition of the Board;
- v. Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;



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- vi. Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- vii. Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- viii. Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- ix. Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- x. Recommend any necessary changes to the Board; and
- xi. Considering any other matters, as may be requested by the Board.

Duties with respect to Remuneration:

The duties of the Committee in relation to remuneration matters include:

- i. to consider and determine the remuneration policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- ii. to recommend and approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and variable pay reflecting short and long term performance objectives appropriate to the working of the Company.
- iii. to delegate any of its powers to one or more of its members or the Secretary of the Committee.
- iv to consider any other matters as may be requested by the Board.

X. Minutes of Committee Meeting

Proceedings of all Meetings must be minuted and signed by the Chairperson of the Committee at the subsequent Meeting. Minutes of the Committee Meetings will be tabled at the subsequent Board and Committee Meeting.

XI. Amendment:

Any change in the Policy shall be approved by the Board of Directors or any of its Committees (as may be authorized by the Board of Directors in this regard). The Board of Directors or any of its authorized Committees shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board or its Committee in this respect shall be final and binding. Any subsequent amendment / modification in the Listing Regulations and / or any other laws in this regard shall automatically apply to this Policy.



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POLICY FOR EVALUATION OF PERFORMANCE

POLO QUEEN INDUSTRIAL AND FINTECH LIMITED (hereinafter referred to as “**the Company**”) believes in conducting its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behavior, in consonance with the Company’s Code of Conduct policy for its Board of Directors and senior management personnel. The honesty, integrity and sound judgment and performance of the Directors and the Senior Management are key criteria for the success and for building a good reputation of the Company. Each Director and executive in the Senior Management is expected to comply with the letter and spirit of this Policy. Any actual or potential violation of this Code by the Board Directors would be the matter of serious concern for the Company.

Therefore, the Company has made this policy for formal annual evaluation by the Board of Directors of its own performance (self-appraisals) and that of its committees and individual Directors as mentioned under the clause (p) of sub-section (3) of Section 134 of the Companies Act, 2013. The Nomination & Remuneration Committee shall evaluate the performance of the each Board of Director as per subsection (2) of Section 178 and based on the functions of the Board of Directors as indicated under Schedule IV (as per section 149) annexed to the Companies Act, 2013 and the Rules made thereunder.

1. DEFINITIONS:

“**Act**” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

“**The Company**” shall mean **POLO QUEEN INDUSTRIAL AND FINTECH LIMITED**.

“**The Director**” or “**the Board**” in relation to the Company shall mean and deemed to include the collective body of the Board of Directors of the Company including the Chairman of the Company.

“**The Independent Director**” shall mean an Independent Director as defined under section 2 (47) read with section 149 (5) of the Act.

“**The Policy**” or “**This Policy**” shall mean the Policy for Evaluation of performance of Board of Directors of the Company.

“**The Committee**” or “**This Committee**” shall mean the Nomination and Remuneration Committee of the Board of Directors formed under the provisions of Section 178 of Companies Act, 2013.

3. OBJECTIVE:

The Board is ultimately responsible for the sound and prudential management of the Company. Performance evaluation is the process of both formally and informally providing feedback about an individual’s implementation of his / her responsibilities. The Object of this policy is to formulate procedures and also to prescribe and lay down the criteria to evaluate the performance of the entire Board of the Company.



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4. VARIOUS KINDS OF PERFORMANCE EVALUATION:

A. EVALUATION OF THE PERFORMANCE:

The Committee shall evaluate the performance of each Director and Senior Management of the Company on the basis of the criteria of Evaluation and rating of Performance as per clause 6 and 7 of this Policy.

Based on the performance evaluation of each and every Director and Senior Management of the Company, the Committee shall provide the ratings based on each criteria and sub-criteria. The detail process of evaluation and ratings thereon are mentioned in the policy respectively.

Evaluation of Independent Director shall be carried on by the entire Board in the same way as it is done for the Executive Directors of the Company except the Director getting evaluated.

B. EFFECTIVENESS OF THE BOARD:

Based on the ratings given by the Nomination & Remuneration Committee to each Director, the overall effectiveness of the Board shall be measured and accordingly the Board shall decide the Appointments, Reappointments and Removal of the non-performing Directors of the Company.

5. SEPARATE MEETING FOR EVALUATION OF PERFORMANCE OF BOARD MEMBERS:

Evaluation of the Executive Directors of the Company shall be carried out by entire Board except the Director being evaluated. The meeting for the purpose of evaluation of performance of Board Members shall be held at least once in a year and the Company shall disclose the criteria laid down by the Nomination and Remuneration Committee for performance evaluation on its web site for the reference and also in the Annual Report of the Company.

6. CRITERIA FOR EVALUATION OF PERFORMANCE:

The Nomination and Remuneration Committee has laid down the criteria for evaluation of performance of Independent Directors and the Board specified in **Annexure – 1**.

7. PROCEDURE TO RATE THE PERFORMANCE:

Based on evaluation criteria, the Nomination & Remuneration Committee and the Board shall rate the performance of the each and every Director.

The performance rating shall be given within minimum 1 and maximum 10 categories, the rating 1 being least effective and 10 being most effective. Based on the rating of performance the Board can decide the strategy to extend or continue the term of appointment or to introduce new candidate as a member of the Board or Retirement of the member based on his/her performance rating as to create and maintain the most effective and powerful top level management of the Company for its future growth, expansion, diversification and also to maximize the returns on investments to the stakeholders of the Company.

8. AMENDMENTS:

The Company reserves its right to amend or modify this Policy as may be considered appropriate at any time.



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POLICY ON SUCCESSION PLANNING FOR BOARD AND SENIOR MANAGEMENT

1. INTRODUCTION:

The Securities and Exchange Board of India (SEBI) has mandated the need for a succession policy pursuant to Regulation 17(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). This is one of the most significant attempts to ensure that investors do not suffer due to sudden or unplanned gaps in leadership. It is a mandate for boards of all listed companies to develop an action plan for successful transition of key executives.

Section 178 of the Companies Act, 2013 ("Companies Act"), the Company is required to constitute a Nomination and Remuneration Committee and development of a succession plan for the Board and senior management is an object of the Nomination and Remuneration Committee.

The Company has therefore put in place a Policy on Succession Planning for the Board and Senior Management (hereinafter called the "Policy").

2. OBJECTIVES:

A Succession Planning Policy is developed to ensure the stability and accountability of the organization by preparing for an eventual permanent change in leadership, either planned or unplanned, so as to ensure continuity support in operation and service when the Executive Chairman, Senior Management or key business leader leave their positions.

The Company aimed to develop a diverse pool of candidates by developing career paths for employees to ensure sufficient supply of suitably qualified employees for higher roles and responsibilities. Employees career paths development will also facilitate the Group's ability to recruit, train and retain top-performing or talented employees.

To develop a diverse pool of candidates, the Board has to assess the permanent leadership needs of Polo Queen to ensure the selection of a qualified and capable leader who is a good fit for the Polo Queen mission, vision, and objectives; coupled with the necessary skills for Polo Queen.

Hence, is vital for the board to develop reliable assessment procedures and ensure that these procedures are applied systematically across the Group.

3. RESPONSIBILITIES FOR SUCCESSION PLANNING:

Key positions are identified as follows:

Whole Time Director

Chief Financial Officer

Executive Chairman;

Managing Director;

Executive Directors;

Non-Executive Directors; and

Key Senior Management



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The Board with the assistance of the Nomination and Remuneration Committee ("NRC"), is responsible for succession planning for the Whole Time Director, Chief Financial Officer, Executive Chairman, Executive Directors, Non-Executive Directors and Key Senior Management' positions.

The Board should consider either to hire or to internally promote the new Whole Time Director ,Chief Financial Officer ,Executive Chairman, Executive Directors and Key Senior Management, when anyone of the mentioned positions leaves and to ensure the successor has the required skills to implement the Group wide strategies.

Whereas, the Executive Chairman is responsible for ensuring a succession plan is in place for the key positions in the Group with the assistance from the Whole Time Director Chief Financial Officer, Executive Directors and Key Senior Management.

4. SUCCESSION PLANNING PROCESS:

A. The Board with the assistance from the NRC will work with the Executive Directors to oversee the Succession Plans of the key positions in the Company.

B. The successors for the Executive Chairman and Executive Directors shall be identified by the NRC from among the Senior Management or external sources as the Board deem fit.

C. An emergency succession contingency plan should be developed to prevent unforeseen circumstances such as death or disability occurs that stops the Executive Chairman, Whole Time Director Chief Financial Officer or Executive Directors from continuing to serve. The plan identifies the individuals who will act in an emergency and their responsibilities. The contingency plan is reviewed by the Board annually and revised as appropriate.

D. Identify required Group capabilities and talent needs, based on strategic business plan and Company's Vision and Mission;

E. Determine the required capabilities for critical positions;

F. List down competency profile of the selected talents or employees;

G. Analyse and match the competencies between the critical position and select employee to identify the gaps;

H. Develop and implement high level leadership development plan such as coaching and mentoring programmes for the selected employees to grow into target positions;

I. Assess the performance of the selected employees on annual basis;

J. Monitor and track the overall progress.

6. REVIEW:

This policy shall be reviewed periodically by the NRC.



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Annexure – 1

POLO QUEEN INDUSTRIAL AND FINTECH LIMITED believes in value for its stakeholders through ethical processes and integrity. The Board plays a very important role in ensuring the Company's performance. Timely inputs are given by the Board to enhance its performance and set the right direction for growth. Hence, it is important that every individual Board Member effectively contributes in the Board deliberations.

Name of the Director: _____

Rating scale shall be 1 to 10 (1 being least effective and 10 being most effective)

Sr. No.	Question	Rating	Remark
1	Participation and attendance in Board and Committee Meetings actively and consistently		
2	Prepares adequately for Board and Committee Meetings		
3	Stature, appropriate mix of expertise, skills, behavior, experience, leadership qualities, sense of sobriety and understanding of business, strategic direction to align company's value and standards		
4	Contributes to strategy and other areas impacting company's performance		
5	Brings his/her experience and credibility to bear on the critical areas of performance of the organization		
6	Keeps updated knowledge of his/her areas of expertise and other important areas		
7	Communicates in open and constructive manner		
8	Gives fair chance to other members to contribute, participates actively in the discussions and is consensus oriented		
9	Helps to create brand image of the Company and helps the company wherever possible to resolve issues, if any		
10	Actively contributes toward positive growth of the Company		
11	Conduct himself/herself in a manner that is ethical and consistent with the laws of the land		
12	Quality of decision making on source of raw material/procurement of roughs, export marketing, understanding financial statements and business performance, raising of finance, best source of finance, working capital requirement, forex dealings, geopolitics, human resources etc		
13	Ability to create a performance culture that drives value creation and a high quality of debate with robust and probing discussions		

Note : Total Rating 9 and above – excellent, between 7.5 to 8.9 – Very good, between 6.0 to 7.4 – Good, between 3.5 to 5.9 – Satisfactory and Less than 3.5 – Unsatisfactory.

