

RRP SEMICONDUCTOR LIMITED

NOMINATION AND REMUNERATION POLICY



RRP SEMICONDUCTOR LIMITED

PREAMBLE:

Pursuant to Section 178 of the Companies Act, 2013 and Regulation 19 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called the "Listing Regulations") as amended from time to time, the Board of Directors of RRP Semiconductor Limited ('the Company") constituted the Nomination and Remuneration Committee, consisting of Three (3) Non-Executive Directors of which majority are Independent Directors.

The Nomination and Remuneration Policy has been formulated by the Nomination and Remuneration Committee in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Listing Regulations.

DEFINITIONS:

1. **"Board"** means Board of Directors of the Company.
2. **"Company"** means "RRP Semiconductor Limited".
3. **"Independent Director"** means a director referred to in Section 149 (6) of the Companies Act, 2013.
4. **"Key Managerial Personnel"** (KMP) means (i) Chief Executive Officer or the Managing Director or the Manager, (ii) Company Secretary, (iii) Whole-time Director, (iv) Chief Financial Officer and (v) such other officer as may be prescribed.
5. **"Nomination and Remuneration Committee"** shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Listing Regulations.
6. **"Policy or This Policy"** means, Nomination and Remuneration Policy.
7. **"Remuneration"** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.



8. **"Senior Management"** mean personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the executive directors, including all the functional heads.

SCOPE:

The Remuneration Policy applies to the Company's senior management, including its Key Managerial Person and Board of Directors.

OBJECTIVE:

The Key Objectives of the policy would be:

1. To guide / recommend to the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management of the Company.

2. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

3. To evaluate the performance of every member of the Board / KMP / member of Senior Management and provide necessary report to the Board for their further performance evaluation by the Board.

4. To recommend reward(s) payable to the KMP and Senior Management linked directlyto their effort, performance, dedication and achievement relating to the Company's operations.

5. To attract, retain, motivate and promote talent and to ensure long term sustainabilityof talented managerial persons and create competitive advantage.

6. To do such other acts / deeds as may be prescribed by the Board.



GUIDING PRINCIPLES:

The Policy ensures that:

1. The Committee while designing the remuneration package considers the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person.
2. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

3. The Committee considers that a successful remuneration policy must ensure that a significant part of the remuneration package is linked to the achievement of corporate performance targets.

TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE:

1. To formulate a criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board, relating to the remuneration of the directors, key managerial personnel and other employees;

2. Formulate the criteria for evaluation of Independent Directors and the Board;

3. To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy;

4. To carry out evaluation of every Director's performance;

5. To recommend to the Board the appointment and removal of Directors, Key Managerial Personnel and Senior Management;



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6. To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.

7. To devise a policy on Board diversity;

8. 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.

9. To retain, promote and motive talent among Directors , KMP and Senior Management and to ensure their long term sustainability to create competitive advantage to run the company successfully;

10. To ensure relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

11. To recommend to the Board, remuneration including salary, perquisite and commission to be paid to the Company's Executive Directors on an annual basis or as may be permissible by laws applicable;

12. To recommend to the Board, all remuneration, in whatever form, payable to Senior Management;

13. To recommend to the Board, the Sitting Fees payable for attending the meetings of the Board/Committee thereof, and, any other benefits such as Commission, if any, payable to the Non- Executive Directors;

14. To set out the overall Remuneration Policy and other terms of employment of Directors, Key Managerial Personnel and Senior Management, wherever required;

15. Removal should be strictly in terms of the applicable law/s and in compliance of principles of natural justice;

16. To develop a succession plan for the Board and to regularly review the plan;



17. To decide 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;

18. To perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (as amended time to time);

19. To consider and approve the employee stock option schemes and to administer and supervise the same;

20. Periodically reviewing and re-examining the terms of reference and making recommendations to the Board for any proposed changes;

21. Authorization to obtain advice, reports or opinions from internal or external counsel and expert advisors;

22. To ensure 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 goal;

23. To perform such other functions as may be necessary or appropriate for the performance of its duties; and

24. To carry out any other function as may be determined by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

APPOINTMENT AND REMOVAL OF DIRECTORs, KMP AND SENIOR MANAGEMENT:

a) APPOINTMENT CRITERIA AND QUALIFICATIONS:

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.



- A person should possess adequate qualification, skills, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, skills, expertise and experience possessed by a person are sufficient/satisfactory for the concerned position.

- A person should practice and encourage a professionalism and transparent working environment. He/she should have ability to build teams and carry the team members along for achieving the goals/objectives and corporate mission.

- The Company shall not appoint or continue the employment of any person as Managing Director /executive Director who has attained the age of seventy years and shall not appoint Independent Director who has attained the age of seventy five years. Provided that the term of the person holding this position may be extended at the discretion of the committee beyond the age of seventy years/seventy five years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years/seventy five years as the case may be.

- A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of Directors of the Company.

- As per the applicable provisions of Companies Act 2013 read along with Rules made there under and the Listing Regulations, the Nomination and Remuneration Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate/s.



b) TERM/TENURE:

MANAGING DIRECTOR / WHOLE-TIME DIRECTOR:

The Company shall appoint or re-appoint any person as its Managing Director or Wholetime 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.

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, 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 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 Managing Director/Whole-time Director of a listed company or such other number as may be prescribed under the Act.



c) EVALUATION:

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management.

d) REMOVAL:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

e) RETIREMENT:

The Directors, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Directors, KMP and Senior Management in the same position / remuneration or otherwise, even after attaining the retirementage, for the benefit of the Company.

POLICY RELATING TO REMUNERATION OF DIRECTORS, KMP & SENIOR MANAGEMENT:

a) GENERAL:

- No director/KMP/ senior management is involved in deciding his or her own remuneration.
- The trend prevalent in the similar industry, nature and size of business is kept in view and given due weight age to arrive at a competitive quantum of remuneration.



- Improved performance should be rewarded by increase in remuneration and suitable authority for value addition in future.

- Remuneration packages should strike a balance between fixed and incentive pay, where applicable, reflecting short and long term performance objectives appropriate to the Company's working and goals.

- Provisions of law with regard making payment of remuneration, as may be applicable, are to be complied.

- Whenever, there is any deviation from the Policy, the justification /reasons should also be indicated / disclosed adequately.

- The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management will be determined by the Committee and subsequently approved by the Board of Directors.

- The remuneration and commission to be paid to the Managing Director/Whole-time Director shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder.

- Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managing Director/ Whole-time Director.

- Where any insurance is taken by the Company on behalf of its Directors, KMP and Senior Management for indemnifying them against any liability, the premium pardon such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration



b) REMUNERATION TO WHOLE-TIME DIRECTOR / MANAGING DIRECTOR, KMP AND SENIOR MANAGEMENT:

FIXED PAY:

The Whole-time / 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, employer's contribution to P.F, pension scheme, medical expenses, club fees 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, wherever required.

The annual variable pay of senior managers is linked to the performance of the Company in general and their individual performance for the relevant year measured against specific Key Result Areas, which are aligned to the Company's objectives.

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 Director / Managing Director / Manager in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government, if required.

PROVISIONS FOR EXCESS REMUNERATION:

If Managing Director/ Whole-time 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.

c) REMUNERATION TO NON- EXECUTIVE DIRECTOR / INDEPENDENT DIRECTOR:

SITTING FEES:

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:

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 Companies Act, 2013.

STOCK OPTIONS:

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

REIMBURSEMENT OF EXPENSES:

An Independent Director may receive reimbursement of expenses for participation inthe Board and other meetings of the Company.



REVIEW OF POLICY:

The policy shall be reviewed by the Nomination & Remuneration Committee and the Board, from time to time as may be necessary. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

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