

**BABA ARTS LIMITED**  
**(CIN L72200MH1999PLC119177)**

**NOMINATION AND REMUNERATION  
POLICY**

**APPROVED IN NRC MEETING 05.08.2014**

---

## Table of Contents

---

1. Introduction.....	2
1.1 Objective of the Policy.....	2
1.2 Definitions.....	2
2. Functions of the Nomination Remuneration Committee.....	3
3.Appointment of Director, KMP and Senior Management.....	3
4.Term/Tenure.....	4
4.1 Managing Director/Whole-Time Director.....	4
4.2 Independent Director.....	4
5. Evaluation.....	4
6.Removal.....	4
7.Retirement.....	5
8.Remuneration, perquisites for the Whole-time Director,.....	5
KMP and Senior Management Personnel	
9.Remuneration to Whole-time /Executive / Managing Director.....	5
9.1 Remuneration.....	5
9.2 Minimum Remuneration.....	6
9.3 Provisions for excess remuneration.....	6
10. Remuneration to Non-executive/Independent Director.....	6
10.1 Sitting Fees.....	6
10.2 Profit-linked Commission.....	6
10.3 Stock Options.....	6
11.Other Employees.....	7
12Amendments to the Policy.....	7

## 1. Introduction

---

Pursuant to Section 178 of the Companies Act, 2013 and Clause 49 (IV) (B) of the Listing Agreement entered into by the Company BSE Ltd., as amended from time to time, the Nomination and Remuneration of Baba Arts Limited has approved this policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company and the same has been approved by the Board of Directors of the Company at its meeting held on 13<sup>th</sup> November, 2014. The purpose of this policy is to lay down the criteria for determining, qualifications, positive attributes and independence of a Director, and recommendation to be made to the Board of Directors of the Company on matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

This policy shall be effective from Financial Year 2014-15 onwards.

### 1.1. Objective of the Policy

---

The Objective of this policy is to:

1. Ensure that the remuneration of Directors, KMP, Senior Management Persons and other employees of the Company is appropriate and reasonable to attract, retain and motivate employees of the company at all levels.
2. Encourage employees to achieve highest level of performance.
3. Provide for consistency in remuneration throughout the Company and to align the performance of business of the Company with the performance of Directors, KMP and Senior Employees of the Company.

### 1.2 Definitions

---

In this Policy unless the context otherwise requires:

1. 'Act' means Companies Act, 2013 and rules there under
2. 'Board of Directors' or 'Board', means Board of Directors of Baba Arts Limited.
3. 'Committee' means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board
4. "Company" means Baba Arts Limited
5. 'Directors' means Directors of the Company
6. 'Independent Director' means a director referred to in Section 149 (6) of the Companies Act, 2013
7. 'Key Managerial Personnel' (KMP) means:
  - a. Chief Executive Officer and / or Managing Director

- b. Whole-time Director
  - c. Chief Financial Officer
  - d. Company Secretary
  - e. Such other officer as may be prescribed
8. 'Senior Management Personnel' shall mean employees of the company who are members of its core management team excluding Board of Directors. It would comprise all members of management one level below the executive director(s), including the functional heads.

## **2. Functions of the Nomination and Remuneration Committee**

---

The Nomination and Remuneration Committee shall, inter-alia, perform the following functions:

1. Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance
2. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees
3. Decide / approve details of fixed components and performance linked incentives along with the performance criteria
4. **Devise a policy on Board diversity**
5. Succession planning for replacing Key Executives.
6. **Formulate the criteria for evaluation of Independent Directors and the Board**
7. The Nomination and Remuneration Committee shall, formulate the Remuneration Policy of the Company

**Provided that Nomination and Remuneration Committee shall set up mechanism to carry out its functions and is further authorized to delegate any / all of its powers to any of the Directors and / or officers of the Company, as deemed necessary for proper and expeditious execution.**

Document Title: Nomination and Remuneration Policy.

## **3. Appointment of Director, KMP and Senior Management**

---

1. 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
2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification,

expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

3. Appointment of Independent Directors is subject compliance of provisions of section 149 of the Companies Act, 2013, read with schedule IV and rules there under
4. 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 this position may be extended beyond the age of seventy 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

## 4. Term / Tenure

---

### 4.1 Managing Director / Whole-time Director

---

The Company shall appoint or re-appoint any person as its Executive Director, 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.

### 4.2 Independent Director

---

Subject to the provisions of the applicable Regulations, 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(s) of such appointment in the Board's report.

**Provided that a person who has already served as an independent director for five years or more in a company as on October 1, 2014 shall be eligible for appointment, on completion of his present term, for one more term of up to five years only.**

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 Whole-time Director of a listed Company or such prescribed period by the Statutory Authority from time to time.

## 5. Evaluation

---

--	--

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

## 6. Removal

---

The Committee may recommend, to the Board with reasons recorded in writing, removal of a

Director, KMP or Senior Management Personnel subject to the provisions of the Companies Act, 2013, and all other applicable Acts, Rules and Regulations, if any.

## 7. Retirement

---

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Regulations 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.

## 8. Remuneration, perquisites for the Whole-time Director, KMP and Senior Management Personnel

---

1. The remuneration to the Whole-time Director, Directors and Independent Directors will be determined by the Committee and recommended to the Board for approval. The remuneration shall be in accordance with the provisions of the Companies Act, 2013, and shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required.
2. The remuneration of KMP, Senior Management Personnel and other employees may comprise of Fixed Pay and incentive pay and shall be fixed in accordance with the company's policy.
3. **Increments to the existing remuneration / compensation structure shall be approved by the Committee. Increments to the Whole Time Director(s) should be within the slabs approved by the Shareholders. Increments will be effective from 1st April in respect of a Whole-time Director as well as in respect of other employees of the Company, unless otherwise decided.**
4. Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on 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

## 9. Remuneration to Whole-time / Executive / Managing Director

---

### 9.1. Remuneration

---

The Whole-time Director shall be eligible for remuneration as may be approved by the Shareholders of the Company on the recommendation of the Committee and the Board of Directors. The break-up of the pay scale, performance bonus 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 on the recommendation of the Committee and shall be within the overall remuneration approved by the shareholders and Central Government, wherever required.

## 9.2. 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 in accordance with the provisions of the Companies Act, 2013 and if it is not able to comply with such provisions, then with the previous approval of the Central Government.

## 9.3. Provisions for excess remuneration

---

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 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.

## 10. Remuneration to Non-executive / Independent Director

---

### 10.1. Sitting Fees

---

The Non-executive/Independent Directors of the Company shall be paid sitting fees as per the applicable Regulations. The quantum of sitting fees will be determined as per the recommendation of Nomination and Remuneration Committee and approved by the Board of Directors of the Company. Further the boarding and lodging expenses shall be reimbursed to the Directors based out of Mumbai.

### 10.2. Profit-linked Commission

---

The profit-linked Commission may be paid as may be decided by the Board of Directors within the monetary limit approved by the shareholders of the Company subject to the same not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Regulations.

### 10.3. Stock Options

---

Pursuant to the provisions of the Act, an Independent Director shall not be entitled to any stock option of the Company. Only such employees of the Company and its subsidiaries as approved by the Nomination and Remuneration Committee will be granted ESOPs.

--	--

## 11. Other Employees

---

The KMP, Senior Management Personnel and other employees of the Company shall be paid monthly remuneration as per the Company's policies and / or as may approved by the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be as per the Company's policies.

Annual increments and bonus for the KMP, Senior Management Personnel and other employees of the Company shall be decided by the Managing Director of the Company.

This Remuneration Policy shall apply to all future / continuing employment / engagement(s) with the Company. In other respects, the Remuneration Policy shall be of guidance for the Board. Any departure from the policy shall be recorded and reasoned in the Committee and Board meeting minutes.

## 12. Amendments to the Policy

---

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

**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.**