

BATA INDIA LIMITED

Nomination and Remuneration Policy

The Board of Directors ('the Board') of Bata India Limited ('the Company') approved renaming of its Nomination, Governance & Compensation Committee as "Nomination and Remuneration Committee" at the Board Meeting held on May 01, 2014 with immediate effect ¹[**].

²The Board, upon the recommendation of the Nomination and Remuneration Committee ("the Committee"), approved the Nomination and Remuneration Policy in terms of Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("as amended") (the "Listing Regulations") read with Part – D of Schedule II to the said Regulations and Section 178 of the Companies Act, 2013 (the "Act") at its meeting held on February 11, 2015 and revised the same at its meeting held on August 2, 2019. The Policy has been reviewed and revised by the Board at its Meeting held on February 10, 2021 based on recommendation of the Committee.

1. OBJECTIVE

³The Nomination and Remuneration Committee shall act in accordance with Section 178 of the Companies Act, 2013 read with the applicable Rules thereto and Regulation 19 of the Listing Regulations. The Key Objectives of the Committee shall be:

1.1. To guide the Board in relation to appointment and removal of Directors, ⁴Key Managerial Personnel and ⁵Senior Management.

1.2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.

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

1.4. 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.

1.5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

1.6. To devise a policy on Board diversity.

1.7. To develop a succession plan for the Board ⁶and for the Senior Management and to regularly review the plan;

1.8. To ensure the policy includes the following guiding principles:

1.8.1. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully,

1.8.2. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and

¹ The words "consisting of five Non-Executive Directors including three Independent Directors of the Company" omitted at the meeting of the Board held on February 10, 2021, effective immediately.

² Inserted by the Board at its meeting held on February 10, 2021 and is effective immediately.

³ Amended at the Board Meeting held on February 10, 2021 and is effective immediately. Previously read as:
"The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read with the applicable Rules thereto and Clause 49 of the Listing Agreement with the Stock Exchanges. The Key Objectives of the Committee shall be:"

⁴ "Key Managerial Personnel" wherever appears shall have the same meaning as ascribed to it under the Companies Act, 2013 (as amended).

⁵ "Senior Management" wherever appears shall have the same meaning as ascribed to it under the SEBI Listing Regulations.

⁶ The words "and for the Senior Management" inserted, effective immediately, at the meeting of the Board held on February 10, 2021.

1.8.3. 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.

⁷[**]

2. ⁸REVIEW AND INTERPRETATION

This Policy may be reviewed, amended or substituted by the Board on the recommendation of the Committee as and when required and where there are any statutory changes necessitating any change in the Policy. Any subsequent notifications, circulars, guidelines or amendments under the Act and the Listing Regulations as may be issued from time to time shall be mutatis mutandis applicable without any further modification or amendment in this Policy.

Words importing the singular number shall include the plural number and words importing the masculine gender shall, where the context admits, include the feminine and neutral gender.

3. ⁹ROLE OF THE COMMITTEE

3.1. Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee.

The Committee shall:

3.1.1. Formulate the criteria for determining qualifications, positive attributes and independence of a director.

3.1.2. ¹⁰Formulate the criteria and specify the manner for effective evaluation of performance of independent directors and 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.

3.1.3. Identify persons who are qualified to become directors and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this Policy.

3.1.4. Recommend to the Board, appointment and removal of Director, KMP and ¹¹Senior Management Personnel.

3.1.5. ¹²Recommend to the Board 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.

3.1.6. ¹³Recommend to the Board, all remuneration, in whatever form, payable to the Senior Management.

⁷ The text "2. DEFINITIONS 2.1. 'Act' means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

2.2. 'Board' means the Board of Directors of the Company.

2.3. 'Directors' mean Directors of the Company.

2.4. 'Key Managerial Personnel' means

2.4.1. Chief Executive Officer or the Managing Director or the Manager;

2.4.2. Whole-time Director;

2.4.3. Chief Financial Officer;

2.4.4. Company Secretary; and

2.4.5. Such other officers as may be prescribed.

2.5. 'Senior Management' means personnel of the Company who are members of its core management team excluding the Board of Directors and including the Functional Heads." omitted by the Board at its meeting held on February 10, 2021 and is effective immediately.

⁸ Inserted by the Board at its meeting held on February 10, 2021 and is effective immediately.

⁹ Renumbered the sub-clauses at the meeting of the Board held on February 10, 2021 and is effective immediately.

¹⁰ Inserted by the Board at its meeting held on February 10, 2021 and is effective immediately.

¹¹ "Senior Management Personnel (SMP)" shall have the same meaning as "Senior Management".

¹² Inserted by the Board at its meeting held on February 10, 2021 and is effective immediately.

¹³ Inserted by the Board at its meeting held on February 10, 2021 and is effective immediately.

3.2. Policy for appointment and removal of Director, KMP and Senior Management

3.2.1. Appointment criteria and qualifications

- a) 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.
- b) 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 are sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as a Whole-time Director who has attained the age of seventy years.
- d) ¹⁴A person shall be considered for appointment as an Independent Director on the Board of the Company, only if he/she discloses in writing his/her independence in terms of Section 149 of the Act and Regulation 16(1)(b) of the Listing Regulations.

3.2.2. 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, 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. ¹⁵[**]
- 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 other number as may be prescribed under the Act ¹⁶and the Listing Regulations.

3.2.3. Evaluation

The Committee shall advise the process to carry out evaluation of performance of every Director, KMP and Senior Management Personnel and other employees at regular interval (yearly). ¹⁷Evaluation process shall be conducted for the Board as a whole, Board Committees and also for the Directors individually.

Performance evaluation of the KMPs, Senior Management Personnel and other employees shall be carried out by their respective reporting Executives and Functional Heads, based on the Key Results Area (KRA) set at the beginning of the financial year and reviewed at least once during the year to modify such KRAs,

¹⁴ Amended at the Board Meeting held on February 10, 2021 and is effective immediately. Previously read as: "A person shall be considered for appointment as an Independent Director on the Board of the Company, only if he/she discloses in writing his/her independence in terms of Section 149 of the Companies Act, 2013."

¹⁵ The paragraph "However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he/ she shall be eligible for appointment for one more term of 5 years only." omitted by the Board at its meeting held on February 10, 2021 and is effective immediately.

¹⁶ The words "and the Listing Regulations" inserted by the Board at its meeting held on February 10, 2021 and is effective immediately.

¹⁷ Inserted by the Board at its meeting held on February 10, 2021 and is effective immediately.

if required.

Performance evaluation of the Independent Directors shall be carried out by the entire Board, except the Independent Directors being evaluated.

3.2.4 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, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

3.2.5 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, subject to compliance of all applicable legislations.

3.3 Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel

3.3.1 General:

a) The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel 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, ^{18[**]}wherever required.

b) The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.

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

d) 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. However, proportionate Insurance Premium paid for Group Medisclaim Policy or Group Personal Accident Policy shall be considered as part of the overall remuneration for the individual director/employee of the Company.

3.3.2 Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

a) Fixed pay:

The Whole-time Director/ KMP and Senior Management Personnel 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 ^{19[**]}.

b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay

¹⁸ The words "and Central Government" omitted at the Board Meeting held on February 10, 2021 and is effective immediately.

¹⁹ The words "and Central Government, wherever required" omitted at the Board Meeting held on February 10, 2021 and is effective immediately.

remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act ²⁰[**].

c) Provisions for excess remuneration:

²¹If 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 Act, he 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 approved by the Company by special resolution within two years from the date the sum becomes refundable.

3.3.3 Remuneration to Non- Executive / Independent Director:

a) Remuneration / Commission:

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

b) 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 the prescribed limits per meeting of the Board or Committee or such amount as may be decided by the Board of Directors from time to time.

c) Commission:

Commission on Net Profits of the Company may be paid to the Non-Executive Directors within the monetary limit approved by the Shareholders of the Company as per the ²²Act and Rules framed therein and as approved by the Board of Directors from time to time. The Non - Executive or Independent Chairman of the Company shall receive twice the amount of commission of net profits payable to the other Non-Executive and/or Independent Directors individually.

d) Stock Options:

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

e) ²³Maximum Limit:

The annual remuneration payable to a single non-executive director shall not exceed fifty per cent of the total annual remuneration payable to all non-executive directors without the approval of the shareholder by a special resolution.

f) ²⁴Minimum Remuneration

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration exclusive of any Sitting Fee, to any of its Non-Executive Director, including an Independent Director in accordance with the provisions of Schedule V of the Act.

3.3.4 Remuneration of other employees

The remuneration of other employees is fixed from time to time as per the guiding principles outlined above

²⁰ The words "and if it is not able to comply with such provisions, with the previous approval of the Central Government" omitted at the Board Meeting held on February 10, 2021 and is effective immediately.

²¹ Amended at the Board Meeting held on February 10, 2021 and is effective immediately. Previously read as: "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 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."

²² The words "Companies Act, 2013" substituted with the word "Act" by the Board at its meeting held on February 10, 2021 and is effective immediately.

²³ Inserted by the Board at its meeting held on February 10, 2021 and is effective immediately.

²⁴ Inserted by the Board at its meeting held on February 10, 2021 and to be effective at a later date as may be decided by the Board.

and considering industry standards and cost of living. In addition to basic salary they are also provided perquisites and retirement benefits as per schemes of the Company and statutory requirements, where applicable. Policy of motivation/ reward/ severance payments is applicable to this category of personnel as in the case of those in the management cadre.

3.3.5. Criteria for determining remuneration

While determining remuneration of the directors, the Committee shall ensure that the level and composition of remuneration are reasonable and sufficient to attract, retain and motivate such directors of the quality required to run the Company successfully; the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and the 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.

4. ²⁵MEMBERSHIP

4.1 The composition of the Committee shall be in compliance with the provisions of the ²⁶Act, and the Listing Regulations.

4.2 ²⁷The Committee shall comprise of at least three Non-Executive Directors out of which at least fifty percent of the directors shall be Independent Directors.

4.3 Minimum 2 members ²⁸or one third members, whichever is greater, out of which at least 1 Independent Director shall constitute a quorum for the Committee meeting.

4.4 Membership of the Committee shall be disclosed in the Annual Report.

4.5 Term of the Committee shall be continued unless terminated by the Board of Directors.

5. CHAIRPERSON ²⁹[]**

5.1 Chairperson ³⁰[**] of the Committee shall be an Independent Director.

5.2 Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.

5.3 In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

5.4 ³¹Chairperson 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.

6. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required ³²but at least once in a year.

²⁵ Renumbered the sub-clauses at the meeting of the Board held on February 10, 2021 and is effective immediately.

²⁶ The words "Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time" substituted with the words "Act, and the Listing Regulations" by the Board at its meeting held on February 10, 2021 and is effective immediately.

²⁷ Inserted by the Board at its meeting held on February 10, 2021 and is effective immediately.

²⁸ The words "or one third members, whichever is greater" inserted at the Board Meeting held on February 10, 2021 and is effective immediately.

²⁹ The text "/CHAIRMAN" omitted by the Board of at its meeting held on February 10, 2021 and is effective immediately.

³⁰ The text "/Chairman" omitted by the Board of at its meeting held on February 10, 2021 and is effective immediately.

³¹ The word "Chairman" substituted with the word "Chairperson" by the Board at its meeting held on February 10, 2021 and is effective immediately.

³² The words "but at least once in a year" inserted by the Board at its meeting held on February 10, 2021 and is effective immediately.

7. COMMITTEE MEMBERS' INTERESTS

7.1 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.

7.2 The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

8. SECRETARY

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

9. VOTING

9.1 Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

9.2 In the case of equality of votes, the ³³[**] Chairperson of the meeting will have a casting vote.

10. NOMINATION DUTIES

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

10.1 Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;

10.2 Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;

10.3 Identifying and recommending Directors who are to be put forward for retirement by rotation.

10.4 Determining the appropriate size, diversity and composition of the Board;

10.5 Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;

10.6 Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;

10.7 Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;

10.8 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.

10.9 Delegating any of its powers to one or more of its members or the Secretary of the Committee;

10.10 Recommend any necessary changes to the Board; and

10.11 Considering any other matters, as may be requested by the Board.

11. DUTIES OF THE COMMITTEE

The duties of the Committee in relation to remuneration matters include

11.1 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.

³³ The text "Chairman" omitted by the Board at its meeting held on February 10, 2021 and is effective immediately.

11.2 To approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.

11.3 To delegate any of its powers to one or more of its members or the Secretary of the Committee.

11.4 To consider any other matters as may be requested by the Board.

11.5 Professional indemnity and liability insurance for Directors and senior management.

12. MINUTES OF COMMITTEE MEETINGS

Proceedings of all meetings must be minuted and signed by the Chairperson³⁴ of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

The Company reserves the right to modify the aforesaid Policy as and when required to adopt the best practices in the Industry and to comply with the requirements of the applicable legislations.

--XX--

³⁴ The text “/Chairman” omitted by the Board at its meeting held on February 10, 2021 and is effective immediately.