BRADY AND MORRIS ENGINEERING COMPANY LIMITED

POLICY ON REMUNERATION OF DIRECTORS, KEYMANAGERIAL PERSONNEL & SENIOR EMPLOYEES

BACKGROUND

Brady & Morris Engineering Company Limited (hereinafter referred as the 'Company') practices a corporate culture that is based on the tenets of trusteeship, empowerment, accountability, control and ethical practices with transparency at its core for creation of maximum value for the stakeholders. This policy shall come into effect from February 13, 2015.

BRIEF OVERVIEW UNDER COMPANIES ACT 2013

[Section 178 & Companies [Meetings of Board and its Powers] Rules 2014]

Constitution of the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half shall be independent directors.

The Nomination and Remuneration Committee shall 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, removal and shall carry out evaluation of every director's performance.

The Nomination and Remuneration Committee formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board, relating to the remuneration for the directors, key managerial personnel and senior management personnel i.e. employees at one level below the Board including functional heads.

The Nomination and Remuneration Committee may, while formulating the policy ensure that:—

- 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;

- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

- 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.

- Such policy shall be disclosed in the Board's report.

BRIEF OVERVIEW OF THE REVISED CLAUSE 49 OF LISTING AGREEMENT

IV. Nomination and Remuneration Committee

A. The company shall set up a Nomination and Remuneration committee which shall comprise at least three directors, all of whom shall be non-executive directors and at least half shall be independent. Chairman of the committee shall be an independent director.

B. The role of the committee shall, inter-alia, include the following:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

- Formulation of criteria for evaluation of Independent Directors and the Board;

- Devising a policy on Board diversity;

- 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 their appointment and removal. The company will disclose the remuneration policy and the

- Evaluation criteria in its Annual Report.

PRESENT POSITION OF DIRECTORS& KMP OF THE COMPANY

The Company has constituted a Nomination and Remuneration Committee of the Board of Directors (Board).

At present there are total 6 directors on the Board of which 3 are Non-Executive and Independent, 1 Non- executive Directors and the remaining 2 are Executive Directors.

The Executive Director draws remuneration from the Company.

Key Managerial Personnel (KMP) consists of Executive Director, Chief Financial Officer and Company Secretary who is employees of the Company.

BRADY AND MORRIS ENGINEERING COMPANY LIMITED

TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE

- 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.

- Identify 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 their appointment and removal.

- Formulation of criteria for evaluation of Independent Directors and the Board.

- Devising a policy on the Board diversity.

- 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.

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

CRITERIA FOR DETERMINING THE FOLLOWING:-

Qualifications for appointment of Directors (including Independent Directors):

- Persons of eminence, standing and knowledge with significant achievements in business, professions and/or public service/ Social Work.

- Their financial or business literacy/skills.

- Appropriate other qualification/experience to meet the objectives of the Company.

- As per the applicable provisions of Companies Act 2013, Rules made thereunder and Clause 49 of Listing Agreement.

Positive attributes of Directors (including Independent Directors):

- Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.

- Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities

- To assist in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.

- Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.

- To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees

- Independent Directors to meet the requirements of the Companies Act, 2013 read with the Rules made thereunder and Clause 49 of the Listing Agreement as amended from time to time

Criteria for appointment of KMP/Senior Management:

- To possess the required qualifications, experience, skills & expertise to effectively discharge their duties and responsibilities.

- To practice and encourage professionalism and transparent working environment.

- To build teams and carry the team members along for achieving the goals/objectives and corporate mission.

- To adhere strictly to code of conduct

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

- To ensure that the level and components of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and other employees of the quality required to run the Company successfully.

- No director/KMP/ other employee is involved in deciding his/her own remuneration.
- The trend prevalent in the similar industry, nature and size of business is kept in view and given due weightage to arrive at a competitive quantum of remuneration.
- It is to be ensured that relationship of remuneration to the performance is clear & meets appropriate performance benchmarks which are unambiguously laid down and communicated.
- 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.
- Following criteria are also to be considered:-
- Responsibilities and duties;
- Time & efforts devoted;
- Value addition;
- Profitability of the Company & growth of its business;
- Analyzing each and every position and skills for fixing the remuneration ;
- Standards for certain functions where there is a scarcity of qualified resources.
- Ensuring tax efficient remuneration structures.
- Ensuring that remuneration structure is simple and that the cost to the Company (CTC) is not shown inflated and the effective take home remuneration is not low.
- Other criteria as may be applicable.
- Consistent application of remuneration parameters across the organisation.
- Provisions of law with regard making payment of remuneration, as may be applicable, are complied.

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

REVIEW

The policy shall be reviewed by the Nomination & Remuneration Committee and the Board, from time to time as may be necessary.