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Nomination and Remuneration policy

Table of Contents

1. Background

The Nomination and Remuneration Policy ("Policy") of Eternal Limited ("Company") has been formulated pursuant to the provisions of Section 178 of the Companies Act, 2013 ("Act"), the rules made thereunder, Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), and other applicable laws, as amended from time to time.

The Policy establishes the framework for:

- appointment, re-appointment and removal of Directors;
- identification of persons qualified to become Directors and Senior Management Personnel ("SMP");
- succession planning for key leadership positions;
- evaluation of the performance of the Board, its Committees and Directors; and
- determination of remuneration for Directors,and SMP.

The Policy seeks to ensure that the Company's governance framework attracts, retains and motivates high-calibre leaders while aligning remuneration with sustainable long-term value creation, prudent risk management, shareholder interests and the Company's strategic objectives.

In the event of any inconsistency between this Policy and the provisions of applicable law, the provisions of applicable law shall prevail.

2. Applicability

This Policy shall apply to:

- The Board of Directors of the Company;
- Senior Management Personnel ("SMP") as defined under the SEBI Listing Regulations and such other employees may be designated as Senior Management by the Board from time to time.

The Policy shall remain effective until amended or replaced by the Board.

3. Definitions

Unless the context otherwise requires:

a) **Applicable laws** shall mean the Companies Act, 2013, the rules framed thereunder, the SEBI Listing Regulations and all other applicable statutes, regulations, circulars and guidelines, as amended from time to time.
b) **Board** means the Board of Directors of Eternal Limited.
c) **Company** means Eternal Limited.
d) **Companies Act** means the provisions of the Companies Act, 2013.
e) **Committee** means the Nomination and Remuneration Committee constituted by the Board.
f) **Directors** means members of the Board of Directors of the Company as appointed from time to time.
g) **Independent Director** shall have the meaning assigned under the Companies Act, 2013 and the SEBI Listing Regulations.

h) **Policy** shall mean this policy on Nomination and Remuneration Policy(NRC) formulated by the Company.
i) **SMP** shall have the meaning assigned under the SEBI Listing Regulations and shall include such persons identified by the Board from time to time.

4. Nomination/appointment/removal criteria for the directors

Objective

The Nomination and Remuneration Committee ("NRC") shall identify and recommend individuals who possess the integrity, competence, leadership capability and experience necessary to contribute effectively to the long-term success of the Company. Appointments shall be merit-based while ensuring an appropriate balance of skills, diversity, independence and experience on the Board.

Selection Criteria

Following are the nomination / appointment criteria recommended by the NRC and approved by the Board of Directors:

- compliance with the requirements prescribed under Applicable Laws;
- the appropriate size and composition of the Board;
- diversity across gender, age, professional background, industry experience, geography and perspectives;
- the balance of executive, non-executive and independent Directors;
- integrity, ethical standards, reputation and sound judgement;
- professional qualifications, domain expertise and leadership capability;
- understanding of governance, risk management and fiduciary responsibilities;
- experience relevant to the Company's businesses and future strategic priorities;
- absence of actual or potential conflicts of interest;
- availability of sufficient time to effectively discharge Board responsibilities;
- ability to exercise objective and independent judgement;
- any other qualifications, skills or attributes considered appropriate by the NRC or the Board.

Appointment of Directors

The NRC shall identify persons who are qualified to become Directors after considering the criteria specified in this Policy and applicable laws. The Committee shall evaluate potential candidates based on their qualifications, experience, expertise, integrity, independence (where applicable), leadership capabilities and overall suitability to contribute to the long-term success of the Company.

The NRC may, where considered appropriate, engage external search firms or independent advisors to assist in identifying and evaluating potential candidates.

Upon satisfaction that a candidate meets the prescribed criteria and the identification and evaluation process has been completed, the NRC shall recommend such person's candidature to the Board for appointment as an Executive Director, Non-Executive Director or Independent Director, as the case may be. Where required under applicable laws, such appointment shall also be placed before the shareholders for their approval.

Re-appointment

The NRC shall also periodically review the performance, contribution and continued suitability of existing Directors. Directors who continue to satisfy the applicable eligibility criteria may be considered by the NRC for re-appointment. While recommending the re-appointment of Directors, including Directors not liable to retire by rotation, the NRC shall take into consideration, among other factors:

- attendance, preparedness and active participation in Board and Committee meetings;
- contribution to Board deliberations and strategic decision-making;
- leadership, guidance and oversight provided to the Company;
- exercise of objective and independent judgement;
- adherence to fiduciary duties and governance standards;
- continued satisfaction of the eligibility and independence criteria prescribed under applicable laws, where applicable; and
- overall effectiveness and contribution to the long-term interests of the Company.

Based on its evaluation, the NRC shall make appropriate recommendations to the Board regarding the appointment, re-appointment or removal of Directors in accordance with the provisions of the Companies Act, 2013, the SEBI Listing Regulations and other applicable laws.

5. Director's and SMP remuneration

Executive Director's Remuneration

The key objective of the Company's Policy for Director's remuneration is to enable a framework that allows for competitive and fair rewards for the achievement of key deliverables and also aligns with practice in the industry and shareholders' expectations. While setting remuneration for the Executive Directors' the Company will take into account the market sector, business performance and the practices in other comparable companies.

The total remuneration for Executive Directors shall include:

- **Fixed Remuneration**

  Executive Directors shall receive a fixed monthly amount as salary as may be approved by the Board upon the recommendation of NRC within the overall range as approved by the Board or Shareholders in general meeting as applicable. Such salary shall be based on a function-related system and be in line with market practices.

  Fixed Remuneration shall also include other remuneration elements like special allowance, house rent allowance or Company leased accommodation etc. including such other perquisites as the NRC may approve for enabling the Executive Directors to discharge their duties besides statutory contributions to Provident Fund/Superannuation Fund, Gratuity etc.

- **Variable Remuneration**

  The Executive Directors' may receive Variable Remuneration keeping the performance of the Company in sight. This performance related payment, annual bonus and other variables is calculated with reference to the net profits of the Company in a particular financial year and is determined by the Board at the end of the financial year based on the recommendations of NRC, subject to overall ceilings stipulated in the Companies Act.. All Executive Directors are also eligible to receive stock options.

  The ceiling on perquisites and allowances as a percentage of salary is fixed by the Board within the prescribed ceiling, the perquisites package is approved by NRC.

Non-Executive/Independent Director's Remuneration:

The remuneration payable to each Non-Executive Director is based on the remuneration structure as determined by the Board, and is revised from time to time, depending on individual contribution, the Company's performance, and the provisions of the Companies Act and the rules made thereunder.

The remuneration may comprise:

- sitting fees;
- commission, where approved;
- reimbursement of expenses incurred in the discharge of duties; and
- such other payments as may be permissible under applicable law.

Sitting fees payable to Non-Executive Directors and Independent Directors (excluding Nominee Directors) for attending meetings of the Board or its Committees shall be determined by the Board from time to time within the limits prescribed under applicable laws.

Independent Directors shall not be entitled to stock options except where specifically permitted under applicable laws.

Remuneration of Senior Management Personnel:

The remuneration framework for Senior Management Personnel shall support the Company's objective of attracting, retaining and rewarding high-performing leaders while fostering long-term organisational success.

The total remuneration package of SMP may comprise the following:

- **Fixed Salary:**

  The SMP's fixed salary shall be commensurate with the SMP's role, responsibilities, experience, and market benchmarks.

- **Variable Salary:**

  SMP may be eligible for performance-linked variable remuneration based on:

  - Company performance;
  - business or functional performance;
  - individual performance;
  - achievement of strategic priorities;
  - operational and financial outcomes; and
  - such other performance measures as may be determined by the Company from time to time.

- **Share Options:**

  Eligible SMP may participate in the Company's employee stock option plans or other long-term incentive plans approved by the Board or shareholders, as applicable, in accordance with the relevant scheme.

- **Non-monetary benefits:**

  The SMP shall be entitled to customary non-monetary benefits as may be applicable to them as per Company policies. The nature and extent of such benefits may vary based on the role, level, and terms of employment of the individual SMP.

6. Other points

- Any deviations from this Policy under any extraordinary circumstances, when deemed necessary in the interests of the Company, shall be disclosed in the annual report, or in case of an appointment, sufficiently in advance of the appointment of the individual
- Any or all provisions of this Policy would be subject to revision/amendment in accordance with the guidelines on the subject as may be issued by the Government, from time to time
- The Company reserves the right to amend, modify or repeal any provision of this Policy at any time, in accordance with applicable law

7. Amendment

Any change in the Policy shall be approved by the Board. The Board shall have the right to withdraw , amend or modify any part of this Policy or the Policy in its entirety, at any time, as it may deem fit from time to time,, and the decision of the Board in this respect shall be final and binding. Any subsequent amendment or modification to the Act or the rules framed thereunder or the SEBI Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

8. Compliance

The NRC shall be responsible for supervision of this Policy.

Any queries regarding this Policy shall be referred to the NRC, which shall be responsible for administering, implementing and updating this Policy.

9. Interpretation

In any circumstances where the terms of this Policy are inconsistent with any existing or subsequently enacted or amended law, rule, regulation or standard governing the Company, such law, rule, regulation or standard will take precedence over this Policy.

10. Version history

Version	Approval date	Revision date	Description
Version 1	April 12, 2021		Original Policy
Version 2	July 21, 2026	July 18, 2026	Annual Review