



Nomination, Remuneration and Evaluation Policy

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This Nomination, Remuneration and Evaluation Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read alongwith the applicable rules thereto and Clause 49 of the Listing Agreement, as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (the Committee). The Nomination and Remuneration Committee consists of three non executive independent Directors.

1. Definitions:

- 1.1. **“Remuneration”** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites/allowances as defined under the Income-Tax Act, 1961;
- 1.2. **“Key Managerial Personnel”** means:
 - i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
 - ii) Chief Financial Officer;
 - iii) Company Secretary; and
 - iv) Such other officer as may be prescribed.
- 1.3. **“Senior Managerial Personnel”** mean the personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads. In our case personnel holding the position of President or equivalent will be Senior Managerial Personnel.

2. Objective:

The objective of the policy is to ensure that:

- 2.1 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;
- 2.2 Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- 2.3 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;
- 2.4 To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management;and
- 2.5 To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

3.Role of the Committee:

The role of the Committee will be as under:

- 3.1 To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- 3.2 To formulate criteria for evaluation of Independent Directors and the Board.
- 3.3 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.
- 3.4 To carry out evaluation of Director's performance.

- 3.5 To recommend to the Board the appointment and removal of Directors and Senior Management.
- 3.6 To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- 3.7 Succession planning for replacing Key Executives.
- 3.8 To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.
- 3.9 To perform such other functions as may be necessary or appropriate for the performance of its duties.

4. Appointment and Removal of Director, Key Managerial Personnel and Senior Management:

- 4.1 The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, Key Managerial Personnel or at Senior Management level and recommend his/her appointment.
- 4.2 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 are sufficient/satisfactory for the position.
- 4.3 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.

5.Term/Tenure:

- 5.1 **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.
- 5.2 **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.
- 5.3 No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each. However, such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.
- 5.4 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. *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.*
- 5.5 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.

6.Evaluation:

- 6.1 The Committee shall carry out evaluation of performance of Director, Key Managerial Personnel and Senior Management Personnel yearly or at such intervals as may be considered necessary.

7. Removal:

- 7.1 Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend with reasons recorded in writing, removal of a Director, Key Managerial Personnel or Senior Management Personnel subject to the provisions and compliance of the Companies Act, 2013 and the relevant rules and the applicable regulations.

8. Retirement:

- 8.1 The Director, Key Managerial Personnel 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, Key Managerial Personnel, Senior Management Personnel in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

9. Policy for Remuneration to Whole Time Directors/Key Managerial Personnel /Senior Management Personnel:

- 9.1 **Remuneration to Managing Director/Whole-time Directors:** The Remuneration/Commission etc. to be paid to Managing Director/ Whole-time Directors, Key Managerial Personnel, Senior Management Personnel shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.

- 9.2 The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director/ Whole-time Directors.
- 9.3 **Remuneration to Non- Executive/Independent Directors:** The Non- Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors. Provided that the amount of such fee shall not exceed Rupees One Lac per meeting of the Board or Committee or such amount as may be prescribed in the Act read with the relevant Rules, from time to time.
- 9.4 The remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.
- 9.5 An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.
- 9.6 Any remuneration paid to Non- Executive/Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause 9.4 above if the following conditions are satisfied:

- 9.6.1 The Services are rendered by such Director in his capacity as the professional; and
- 9.6.2 In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.
- 9.7 **Remuneration to Key Managerial Personnel and Senior Management:**
- 9.7.1 The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and/or incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
- 9.7.2 The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from to time.
- 9.7.3 The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management Personnel, to be decided annually or at such intervals as may be considered appropriate.

10. Membership:

- 10.1 The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- 10.2 Minimum two (2) members shall constitute a quorum for the Committee meeting.
- 10.3 Membership of the Committee shall be disclosed in the Annual Report.
- 10.4 Term of the Committee shall be continued unless terminated by the Board of Directors.

11. Chairperson:

- 11.1 Chairperson of the Committee shall be an Independent Director.
- 11.2 Chairperson of the Company may be appointed as a member of the Committee but shall not be the Chairman of the Committee.
- 11.3 In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- 11.4 Chairman 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.

12. Frequency of Meetings:

- 12.1 The meetings of the Committee shall be held at such regular intervals as may be required.

13. Secretary:

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

14. Voting:

- 14.1 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.
- 14.2 In the case of equality of votes, the Chairman of the meeting will have a casting vote.

15. Minutes of Committee Meeting:

- 15.1 Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting.

15.2 Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

16.Implementation:

16.1 The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.

16.2 The Committee may delegate any of its powers to one or more of its members.

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Criteria for evaluation of Board Performance

Frequency of meetings: held during the year:

- Adequate to discharge the Board's functions?

Attendance by members:

- Attendance generally satisfactory?(based on an attendance table)

Attendance by Executives:

- Satisfied that all those required to attend were present?

Duration and conduct of meetings:

- Duration found generally satisfactory and enough for covering agenda?
- Meetings well conducted, members' contributions participative and constructive and views openly and well expressed, members generally satisfied?

Agenda and documentation:

- Notices, Agenda, quality of agenda papers and information therein, timely distribution, quality and appropriate detail of financial and commercial information, production and operational matters: satisfactory on all counts?
- Minutes – quality, adequacy and their timely circulation, review of actions and decisions monitored, review and followed up: satisfactory?

Financial Information:

- Board consideration and review in terms of quality, depth, potential risks and problems, of state of finances, as reflected in P&L and Balance Sheets, cash flows, indebtedness to and by the Company: Satisfactory?
- Review of financial controls, processes and integrity of data duly considered:Satisfactory?
- Budgeting and target setting: approval mechanisms robust?
- Performance relation to budgets and targets effectively reviewed?
- Capex budget and expenditure reviews: Satisfactory?
- Interaction with Auditors satisfactory?

Commercial and Operational Information:

- Market and sales information, presentations and performance review: Satisfactory?
- Competition scenarios, strengths and weaknesses assessed and reviewed?
- Production and other operational matters adequately assessed and reviewed?
- HR matters adequately reviewed?
- Are internal controls regularly monitored and their adequacy satisfied?

Board/Committee Structure:

- Number of members on the Board, their diversity and representative character:satisfactory?
- Committees of the Board are in accordance with regulations where appropriate andadequately meet the needs of Board level governance?

Members Obligations:

- Statutory, regulatory and conflict of interest declarations by members, regular andtimely?

Statutory/Regulatory Requirements and Compliances:

- Are these regularly reported, considered and reviewed?

Business and Corporate Strategy:

- Does the Board adequately review and discuss long term strategy and planning forthe Company?

Communications and Interaction:

- Is the Board satisfied that the principles of good corporate governance are wellcovered in the above processes?
- Is potential conflict of interest between management and shareholders managed welland in the interest of the Company?
- Is the Board satisfied that its decisions and suggestions are adequatelycommunicated and acted upon by the Management?
- Does the Board consider its interaction with the CEO, KMPs and other seniormanagement productive and satisfactory?
- Do MD & CEO feel satisfied with access to the Board and Directors and withdirections from the Board?

Parameters for Evaluation of Directors

- Board dynamics and relationships
- Information flows
- Decision-making
- Relationship with stakeholders
- Company performance and strategy
- Tracking Board and Committees' effectiveness
- Peer evaluation

Criteria for Evaluation of Audit Committee of the Board

1. The Audit Committee is qualified, Members being financially literate, having financial expertise.
2. Size of the Committee is appropriate for the complexity & operations of the organization.
3. Effectiveness of the Committee in performing its role and discharging its responsibilities (as mandated under the Companies Act, 2013 and the SEBI Regulations).
4. The Committee encourages a tone at the top that conveys basic values of ethical integrity, legal compliance, and strong financial reporting and control.
5. The Committee oversees the periodic financial reporting process and reviews quarterly & annual financial statements before recommending to Board.
6. The Committee review / approves related party transactions in compliance with the applicable laws.
7. Powers of the Committee to invite the auditors, functional heads, Company's executives etc. in the Committee Meetings, whenever deemed necessary.
8. Powers to the Committee to engage the services of legal advisers, internal and external consultants, when deemed necessary.
9. The Committee has a positive working relationship with the management and auditors, demonstrated in its processes and interactions with the Board.
10. The Committee Chair reports after each meeting to the Board on major issues discussed, and recommendations for Board actions.
11. Minutes of meeting(s) of the Committee are placed before the Board regularly.
12. The Committee effectively performs support functions to the Board in fulfilling its responsibilities.
13. Overall functioning of the Committee.
14. Any other parameter

Criteria for Evaluation of Nomination & Remuneration Committee of the Board

1. The Committee is constituted in accordance with the applicable laws and regulations, led by an Independent Chair.
2. Effectiveness of the Committee in performing its role and discharging its responsibilities (as mandated under the Companies Act, 2013 and the SEBI Regulations).
3. The Committee demonstrates commitment to good corporate governance in the formulation and recommendation thereon to the Board, of policies and criteria in accordance with applicable laws consistent with the Company's overall philosophy, culture, strategy and business environment in which it operates.
4. All items required to be discussed in the Committee under the mandates of Companies Act, 2013 and SEBI Regulations, are properly dealt with by the Committee before placing it before the Board with suitable recommendations thereof.
5. The Committee Chair reports after each meeting to the Board major issues discussed and recommendations for Board actions.
6. Minutes of Meeting(s) of the Committee are placed before the Board regularly.
7. The Committee effectively performs support functions to the Board in fulfilling its responsibilities.
8. Overall functioning of the Committee.
9. Any other parameter

Criteria for Evaluation of Stakeholders Relationship Committee of the Board

1. The Committee is constituted with three Directors, chaired by a Non-Executive Independent Director.
2. Effectiveness of the Committee in performing its role and discharging its responsibilities (as mandated under the Companies Act, 2013 and the SEBI Regulations).
3. The requisite share related data is shared with the Committee.
4. Periodicity of the Meetings of the Committee is adequate to expeditiously deal with grievances / complaints of shareholders of the Company, requests lodged with the Company for transfer of shares, transmission, issuance of duplicate shares, etc.
5. Minutes of Meeting(s) of the Committee are placed before the Board regularly.
6. The Committee effectively performs support functions to the Board in fulfilling its responsibilities.
7. Overall functioning of the Committee.
8. Any other parameter.

Criteria for Evaluation of Corporate Social Responsibility Committee of the Board

1. The Committee is constituted in accordance with the applicable laws and regulations, led by an Independent Chair.
2. Effectiveness of the Committee in performance of the following functions:
 - To formulate a CSR Policy
 - To recommend / approve CSR expenditure
 - To monitor implementation of CSR Policy
3. Minutes of Meeting(s) of the Committee are placed before the Board regularly.
4. Committee provides relevant inputs to the Board for taking informed decision while discharging its duties under the law.
5. The Committee effectively performs support functions to the Board in fulfilling its responsibilities.
6. Overall functioning of the Committee.
7. Any other parameter.

Criteria for Evaluation of Risk Management Committee of the Board

1. The Committee is constituted with three non-executive independent directors, one non-executive director and one whole-time director.
2. Competence of the Committee in overseeing the implementation and monitoring of Risk Management Framework in the organization.
3. The Committee periodically updates the Board about the effectiveness of such Risk Management Framework.
4. Minutes of Meeting(s) of the Committee are placed before the Board regularly.
5. The Committee effectively performs support functions to the Board in fulfilling its responsibilities.
6. Overall functioning of the Committee.
7. Any other parameter.

Criteria for Performance Evaluation - MD & CEO

1. Attendance at Meetings: Board, Committees, Shareholders: Satisfactory?
2. Adherence to Code of Conduct, ethical standards, integrity and probity: Satisfactory?
3. Knowledge of Company's business, its operations, financials and the external environment in which it operates: Satisfactory?
4. Knowledge, awareness of laws, regulations and practices relating to the Company and its business: Satisfactory?
5. Knowledge, awareness of and adherence to fiduciary & statutory obligations: Satisfactory?
6. Performance as CEO – leadership to the organisation, monitoring of performance of KMPs and other staff and employees, his conduct and interaction with and directions to them: Satisfactory?
7. Strategic vision, planning of business, relating these to business, economic and political environment: Satisfactory?
8. Participation in Board and Committee meetings: his contribution responsible, constructive, well-focused on issues, participative and always in the interest of the Company and its stakeholders: Satisfactory?
9. Communication with Board members: Satisfactory?
10. Commitment to best corporate governance practices and contribution in that respect: Satisfactory?
11. Commitment to culture of performance, accountability, value creation and balanced risk profile for the Company: Satisfactory?
12. Interaction and conduct with outside publics: Satisfactory?

Criteria for Performance Evaluation – Executive / WTDs

1. Attendance at Meetings: Board, Committees, Shareholders: Satisfactory?
2. Adherence to Code of Conduct, ethical standards, integrity and probity:Satisfactory?
3. Knowledge, awareness of and adherence to fiduciary & statutory obligations:Satisfactory?
4. Knowledge of Company's business, his areas of operation, financials and the external environment in which it operates: Satisfactory?
5. Performance in his executive responsibility, his conduct and interaction with KMPs and other staff and employees, as reported by MD: Satisfactory?
6. Participation in meetings: constructive, well-focused on issues, participative and always in the interest of the Company & its stakeholders: Satisfactory
7. Communication with Board members: Satisfactory?
8. Commitment to best corporate governance practices and contribution in that respect: Satisfactory?
9. Commitment to culture of performance, value creation and balanced risk profile for the Company: Satisfactory?
10. Commitment to strategic thinking and long-term vision: Satisfactory?
11. Chairman/Member of Committees- conduct, contribution: Satisfactory?

Criteria for Performance Evaluation – Non Executive Directors

1. Attendance at Meetings: Board, Committees, Shareholders: Satisfactory?
2. Adherence to Code of Conduct, ethical standards, integrity and probity:Satisfactory?
3. Knowledge, awareness of and adherence to fiduciary and statutory obligations: Satisfactory?
4. Knowledge of Company's business, operations, financials and the external environment in which it operates: Satisfactory?
5. Participation in meetings: constructive, well-focused on issues, participative and always in the interest of the Company & its stakeholders: Satisfactory?
6. Participation in meetings in matters relating to his expertise: Satisfactory?
7. Communication with Board members and management: Satisfactory?
8. Commitment to best corporate governance practices and contribution in that respect: Satisfactory?
9. Commitment to culture of performance, value creation and balanced risk profile for the Company: Satisfactory?
10. Commitment to strategic thinking and long-term vision: Satisfactory?
11. Chairman/Member of Committees- conduct, contribution, leadership:Satisfactory?