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**NILKAMAL LIMITED**

**NOMINATION AND REMUNERATION POLICY**

The Nomination and Remuneration Policy of the Company was adopted by the Board at their meeting held on 12<sup>th</sup> May, 2015.

The key objectives of this Policy is to act as a guidance to the Nomination and Remuneration Committee (NRC), as this Policy, amongst other matters, provides the manner of selection and remuneration to the Board of Directors i.e. the Executive and Non-Executive Directors, Key Managerial Personnel (KMP) and other Senior Management Personnel.

Unless the context otherwise requires, all the words and expressions used in this Policy shall have the meaning respectively assigned to them in the Companies Act, 2013 as may be amended from time to time.

The Nomination and Remuneration Committee is constituted in accordance with the requirements of the Companies Act, 2013 read with the Listing Regulations, and comprises of the following Directors as its members:

<b>Sr. No.</b>	<b>Name of the Director</b>	<b>Position held</b>	<b>Category</b>
1.	Mr. K. R. Ramamoorthy	Chairman	Independent, Non-Executive
2.	Mr. Mahendra V. Doshi	Member	Independent, Non-Executive
3.	Mr. Mufazzal S. Federal	Member	Independent, Non-Executive

The Board of Directors are further authorised to re-constitute the Committee in accordance of the requirements of the Companies Act, 2013 and Listing Regulations, as amended from time to time.

This Policy is divided in four parts:

**Part - A** covers the matters to be dealt with and recommended by the Committee to the Board;

**Part - B** covers the appointment, nomination and removal;

**Part - C** covers remuneration and perquisites etc.; and

**Part - D** General.

The key features of this Company's policy shall be included in the Board's Report

## **PART - A**

### **Matters to be dealt with, perused and recommended to the Board by the NRC:**

The Committee shall:

- i) Review and formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- ii) Recommend to the Board a policy, relating to the remuneration for the Directors
- iii) Recommend to the Board, a policy, relating to the remuneration for KMP and other employees.
- iv) Identify persons who are qualified to become Director
- v) Guide the Board in relation to appointment and removal of Director, KMP and Senior Management Personnel.
- vi) Carrying out evaluation of every Director's performance.

## **PART - B**

### **Policy for appointment and removal of Director, KMP and Senior Management**

#### **I. Appointment criteria and qualifications:**

##### **1. Managing / Whole-time / Executive Director**

- i) For the purpose of selection of the Managing / Whole-time / Executive Director, the NRC shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board.
- ii) The Committee shall also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

##### **2. Independent Director:**

- i) The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management. In case of appointment of Independent Directors, the NRC shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.
- ii) The NRC shall ensure that the candidate identified for appointment as a Director fulfills the criteria of independence as provided in Section 149 (6) and is not disqualified for appointment under Section 164 of the Companies Act, 2013.

- iii) The NRC shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as an Independent Director:
  - a) Qualification, expertise and experience of the Directors in their respective fields;
  - b) Personal, Professional or business standing;
  - c) Diversity of the Board.
- iv) In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level

### **3. KMP and Senior Management personnel**

- i) A KMP or Senior Management Personnel should possess adequate qualification, expertise and experience for the position he / she is considered for appointment as per the Job Description and should qualify through Interview and other parameters as per Corporate HR practices.
- ii) The NRC may review whether the qualification, expertise, attributes and experience possessed by a KMP is sufficient / satisfactory for the concerned position and make their recommendation to the Board.
- iii) The NRC shall take note of any appointment of Senior Management Personnel of the Company.

## **II. Term / Tenure:**

### **1. Managing / Whole-time / Executive Director:**

- i) The Company shall appoint or re-appoint any person as its Managing / Whole-time / Executive Director for a term not exceeding five years at a time.
- ii) The Company shall not appoint or continue the employment of any person as its Managing / Whole-time / Executive 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.

### **2. Independent Director:**

- i) An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company.
- ii) 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.

- iii) Any tenure of the Independent Director in the Company as at the commencement of the Companies Act, 2013, i.e. 1<sup>st</sup> April, 2014, shall not be counted as a term under the sub-clause (ii) above.

Further, the aforesaid terms shall be liable to change in order to comply with the amendments made under the Companies Act, 2013 or rules framed thereunder and the Listing Regulations, from time to time.

### **3. KMP and Senior Management Personnel**

- i) The KMP and Senior Management Personnel shall retire as per the prevailing policy of the Company, as may be applicable.
- ii) The term of the person holding KMP/ Senior Management position may be extended beyond the retirement age with the Approval of Executive Directors or the NRC for the benefit of the Company.

## **III. Removal:**

### **1. Director:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013 and rules made thereunder or under any other applicable act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director (either Executive or Non-Executive) subject to the provisions and compliance of the said Act, rules and regulations.

### **2. KMP and Senior Management personnel**

- i) Due to reasons for any disqualification mentioned in the Companies Act, 2013 and rules made thereunder or under any other applicable act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a KMP, subject to the provisions and compliance of the said Act, rules and regulations.
- ii) A Senior Management Personnel may be removed on account of any disqualification incurred by such person in accordance with the Company's Corporate HR practices and the NRC shall take note of any removal of Senior Management Personnel of the Company.

## **PART - C**

### **Policy relating to the remuneration for the Managing /Whole-Time Director, KMP, Senior Management and other employees**

#### **1. Managing / Whole-time / Executive Director:**

- i) The remuneration paid is determined keeping in view the relative performance of the Company to the industry performance. Perquisites and retirement benefits are paid according to the Company policy, subject to prescribed statutory ceiling.
- ii) The remuneration and commission, if any, to be paid to the Managing /Whole-time / Executive Director, as may be approved by the Board on the recommendation of the Committee, shall be in accordance with the percentage / slabs / conditions as per the provisions of the Companies Act, 2013, and the rules made thereunder and shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required by the Act.
- iii) If, in any financial year, the Company has no profits or its profits are inadequate (as per Companies Act, 2013), the Company shall pay remuneration to its Managing Director/Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.
- iv) If any Managing Director/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, wherever 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.

#### **2. Independent Director:**

Independent Non-Executive Directors are appointed for their professional expertise in their individual capacity as independent professionals / business executives. Non-Executive Directors are paid sitting fees for attending the meetings of the Board and various other Committees, which is determined keeping in view comparable industry and corporate standards.

The sitting fees paid to the Non-Executive Directors for attending each of the Board and Committee meetings shall be in accordance to the approval of the Board, on the recommendation of the Nomination and Remuneration Committee.

Further, the Committee may consider revision in the sitting fees payable to the said Directors or may consider payment of remuneration to them by way of commission in accordance with the Companies Act, 2013 or rules framed thereunder and the Listing Regulations, as amended from time to time, and make their recommendation to the Board.

### **3. KMP, Senior Management personnel and other employees**

The Company usually tries to adopt the best practice generally carried out in the industry while deciding the compensation structure of its employees and since this is an ongoing process, it upgrades its practices on regular basis. Hence, while designing the compensation payable to the KMP, Senior Management Personnel and other employees, the following set of principles shall act as a guiding factor:

- i) The main objective of the remuneration policy is to motivate each and every employee and to stimulate excellence in their performance, recognize merits / achievements in order to retain the talent in the Company and to promote the feeling of belongingness.
- ii) The remuneration paid is determined keeping in view the relative performance of the Company to the industry performance. Perquisites and retirement benefits are paid according to the Corporate HR Practices.
- iii) Employees are assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization.
- iv) Individual remuneration of employees largely consists of basic salary, perquisites, bonus and flexipay and is determined within the appropriate grade based on various factors such as the industry pattern, qualification and experience / merits, skill and competencies, knowledge relevant to their job roles, potential contribution to the Company, etc. Grade wise differentiation in the ratio of fixed pay and variable pay, if any, as well as in increment percentage is made.
- v) Further, in order to match the expectations of the aspirant employees, the Company may upgrade its HR practices by adding variable and merit pay which may be calculated using a combination of individual performance and Company's performance.
- vi) Annual Increment, if any, to the employees will be effective from 1<sup>st</sup> April or such other date as per the Corporate HR Practice.
- vii) The power to decide structure of remuneration has been delegated to HR Department of the Company.

**PART - D**  
**General**

**I. Evaluation:**

The Committee shall periodically carry out evaluation of performance of every Director.

**II. Insurance**

Where any insurance is taken by the Company on behalf of its Director (either Executive or Non-Executive), 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.

**III. Amendments:**

Any amendment or modification to the Companies Act, 2013 or Rules framed thereunder and the Listing Regulations and any other applicable regulation relating to NRC shall automatically be applicable to the Company.