

REMUNERATION POLICY

1. Regulatory Obligation

Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 provides that the Board of Directors of every listed company shall constitute the Nomination and Remuneration Committee consisting of at least three directors. All the directors being non-executive directors out of which at least two-thirds of the directors shall be independent directors and the chairperson of the Committee shall be an Independent Director.

2. Composition of Nomination & Remuneration Committee

In terms of above, the Board of Directors of the Company have constituted above committee comprising of following three non-executive independent directors:

Shri Dharmendra K. Gandhi – Chairperson
Shri Rahul R. Rathi – Member
Shri Surendra S. Gupta – Member

3. Role of Nomination & Remuneration Committee

In terms of Section 178 (2) and (3) of the said Act and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“hereinafter referred as “Listing Regulations”), role of the said Committee shall, inter-alia include the following:

- (a) identify persons who are qualified to become directors and who may be appointed in Senior Management in accordance with criteria laid down;
- (b) recommend to the Board their appointment and removal;
- (c) to specify the manner for effective evaluation of performance of 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;
- (d) formulate the criteria for determining qualifications, positive attributes and independence of a director;
- (e) recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- (f) devise a policy on Board diversity.

4. Remuneration Policy

In compliance of above, the committee so constituted formulated a Remuneration Policy which contains criteria for appointment of person in position of senior management or as a director and guiding principles and regulations related to their remuneration

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5. **Objectives of Policy**

- (a) The Policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders;
- (b) This policy is designed to attract, motivate and retain high calibre manpower in a competitive and international market and ensure equity, fairness and consistency in rewarding the employees.

6. **Applicability**

This policy applies to the Company's Senior Management, including its key managerial personnel and Board of Directors including Manager, Managing Director, Whole-time Director.

7. **Definitions**

- (i) **Senior Management**: In terms of Regulation 16(d) of Listing Regulations and the term 'Senior Management' shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise of all the members of management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (Including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the persons identified and designated as key managerial personnel, other than the board of directors, by the listed entity.
- (ii) **Key Managerial Person**: shall mean as defined in Section 2(51) and 203 of the Companies Act, 2013.
- (iii) **Board of Directors**: Board of Directors, Independent Director, Manager, Managing Director referred in this policy shall have same meaning as defined in Section 2(10), (47), (53), (54) and Section 149 and 196 of the Companies Act, 2013.

8. **Criteria for appointment of Senior Managerial Personnel**

While considering appointment of Senior Managerial Personnel, the Committee shall ensure satisfaction with following attributes:

- (a) Age Group
- (b) Education
- (c) Professional Qualification
- (d) Post Qualification field experience
- (e) Family background and personal competence
- (f) Individual achievements and recognition
- (g) Position held in previous employment
- (h) Performance in industry and target success
- (i) Ability, aptitude and commitment to shoulder the responsibility

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- (j) Exposure to particular activities proposed to be assigned
- (k) Overall knowledge of industry in general

9. **Guiding Principles for determining Remuneration Package**

Nomination and Remuneration Committee while designing a remuneration package shall ensure that:

- (i) The level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully;
- (ii) A balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;
- (iii) A significant part of such package is linked to the achievement of corporate performance targets and a strong alignment of interest with stakeholders;
- (iv) Pay and employment conditions with peers / elsewhere in the competitive market are considered to ensure that pay structures of the Company are appropriately aligned and that levels of remuneration remain appropriate in this context;
- (v) Remuneration is designed to motivate delivery of key business strategies of the Company, create a strong performance oriented environment and reward achievement of meaningful targets over the short and long term.

10. **Components of Remuneration (for all employees including Senior Manager)**

Committee in view of above shall ensure that:

- (i) Total remuneration shall be comprised of a fixed base salary set at a level aimed at attracting and retaining executives with professional and personal competency required to drive the Company's performance.
- (ii) Remuneration of all employees shall consists of :
 - (a) Basic Salary
 - (b) Dearness Allowance
 - (c) Production Incentive
 - (d) House Rent Allowance
 - (e) Medical Reimbursement
 - (f) Leave Travel
 - (g) Privilege Leave
 - (h) Other permissible reimbursement and benefits
 - (i) Contribution to Provident Fund, Superannuation, Gratuity Scheme
- (iii) Non-monetary includes reimbursement of telephone and conveyance incurred for official purposes.
- (iv) Components of such remuneration shall vary for different employee grades depending on industry patterns, qualifications and experience,

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responsibilities handled by each individual, their performance and years of service with the Company etc.

Presently the Company does not have a stock option scheme for any of its employees.

Revision in remuneration is evaluated against performance of each individual employee and the Company. Industry benchmarks and economic review shall also be taken into account while considering such revision.

11. Criteria for appointment of an Independent Non-Executive Director and Managing Director of the Company

Nomination and Remuneration Committee shall ensure compliance with the relevant provisions of Companies Act, 2013 (Act) and rules made thereunder in relation to the appointment of Executive and Non-Executive Director on Board of the Company.

- I. While considering appointment of non-executive independent director, the committee shall ascertain a person proposed to be appointed as an independent director :
 - (a) Possesses appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, research, corporate governance, technical operations or other disciplines related to the company's business
 - (b) meets the criteria of independence within the meaning of Section 149 (6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations and declaration thereto is given by a person concerned;
 - (c) has consented to act as a director
 - (d) is free from any disqualification specified in Section 164 of the Act;
 - (e) made disclosure of concern or interest as required under Section 184 of the Act;
 - (f) has obtained Director Identification Number and furnished to the Company;
 - (g) is eligible to hold directorship within the limits prescribed in Section 165 of the Act and to act as an Independent Director of Listed Company as specified in Listing Regulations.
- II. It shall also ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- III. In respect of appointment of a person as a Managing or Whole-time Director or a Manager (hereinafter referred to as Managerial Person) the Committee shall also ascertain that a person proposed to be appointed to hold such office, fulfil the conditions prescribed in Section 196 (3) of the Act and in Part I of Schedule V appended to the Act

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12. Procedure for appointment of Independent Director and Managing Director

The Committee shall give due consideration to the provisions of the Act while making appointment:

- I. Appointment of Independent Director shall be for a term up to five consecutive years on the Board of a Company in accordance with Section 149 (11) & (12) of the Act and shall be approved at the meeting of the Board of Directors and Shareholders in general meeting as required under Section 152(2) of the Act and Schedule IV of the Act.
- II. In terms of Section 196 of the Act, appointment for managerial person shall be :
 - (a) made for a term not exceeding five years at a time
 - (b) such appointment and their remuneration shall be approved by the Board of Directors at their meeting and same shall be further subject to approval by a ordinary / special resolution as applicable to be passed by the shareholders at their meeting.
- III. The Appointment of Independent Directors shall be formalized through a letter of appointment as prescribed in Schedule IV to the Act and of Managing Director through a Contract of Service or written Memorandum setting out its terms.

13. Remuneration of Directors

(A) Remuneration to Independent Director:

The Committee shall ensure that :

- (i) An independent director shall not be entitled to any stock option;
- (ii) They shall be remunerated by way of payment of sitting fee within the ceiling prescribed under Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 pursuant to Section 197 (5) of the Act and as decided by the Board subject to said limit for attending meetings of the Board and committee thereof;
- (iii) Reimbursement of expenses for participating in the Board and Other meetings
- (iv) Profit related commission as may be approved by the Members and subject to Section 197 of the Act.

(B) Remuneration to Managing Director & Whole-Time Director:

- (i) While determining remuneration package for all the managerial persons, the Committee shall ensure that proposed remuneration to them shall not

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exceed the limits laid down in Part II Section I to V of Schedule IV of the Companies Act, 2013.

- (ii) Annual Increments of managerial person shall be considered upto the percentage of increase permitted in the resolution passed by the Members of the Company in general meeting and further shall be subject to statutory ceiling in this behalf. Such revision shall be reviewed by the committee depending upon the Company's performance for each financial year vis-a-vis the performance of each of Managerial Person as evaluated by the Board and/or its committee and industry bench mark as applicable and in line with industry standards.

14. Criteria for Performance Evaluation

The Committee while evaluating performance of each of the Board Member and/or Independent Director or Board as a whole shall consider the following :

- (a) Performance of duties, key functions, responsibilities in relation to a Company holding office as a director, in accordance with the provisions of Section 166 and Schedule IV of the Companies Act and the Listing Regulations.
- (b) adherence to guidelines of professional conduct and Code of Conduct laid down by the Company for Board Members and Independent Director.
- (c) attendance at Meeting of Board, Committee thereof and at general meetings to discharge professional obligation.
- (d) updation of skills, knowledge and familiarity with the Company .
- (e) exercise of independent judgment to bear on the Board's deliberations on issues of strategy, performance, policy matters etc.
- (f) concerns and steps taken to protect the legitimate interest of the Company, its shareholders and employees.
- (g) maintenance of confidentiality of commercial secret, technology and price sensitive information of the company .
- (h) moderate and reconciliatory approach maintained in the interest of the Company as a whole in situation of conflict between management and shareholders interest
- (i) disclosure of any concern or interest in any transaction or matter directly affecting the company.
- (j) appropriate monitoring and management of potential conflict of interest.
- (k) measures taken for protection and productive utilization of corporate assets.
- (l) implementation of best corporate culture, values and governance throughout organization for operational transparency.
- (m) providing strategic guidance to achieve business goals.
- (n) planning for orderly succession for appointment to the Board and to senior management.
- (o) timely disclosure of all material matters in the interest of all stakeholders.

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- (p) performance of fiduciary duties in relation to the company and its shareholders with utmost care and due diligence to guard the Company's interest and not for personal advantage of whatsoever nature.

15. Re-appointment & Removal of Director

The Committee shall ensure that the

- re-appointment of independent director shall be made on the basis on report of performance evaluation.
- removal of directors shall be made in accordance with the manner prescribed in Section 169 of the Act.
- an independent director who resigns or is removed from the Board of the Company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal as the case may be.

16. Board's Diversity

The Committee while considering the composition of the Board of Directors of the Company, shall take into account that Board is comprised of

(a) Executive and Non-Executive Directors

(b) It shall have at least –

- (i) One Woman Director.
- (ii) One-third of the total number of directors as independent directors.
- (iii) Fifty percent of the total number of directors as non-executive directors.

(c) Members of the Board possess diversity of thought, skills, experience, knowledge in one or more fields of finance, law, management, marketing, research, corporate governance, technical operations or other disciplines related to the company's business so as to ensure that there is appropriate balance of skills, experience and knowledge in the Board to enable it to discharge its functions and duties effectively.

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