

# **NIRMA LIMITED**

## **NOMINATION AND REMUNERATION POLICY**

## NIRMA LIMITED

### NOMINATION AND REMUNERATION POLICY

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

#### **DEFINITIONS:**

“**Remuneration**” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;

“**Key Managerial Personnel**”(KMP) 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

“**Senior Management**” mean the personnel of the company who are members of its core management team excluding Board of Directors. This would comprise all members of management, of rank equivalent to Vice President and above, including all functional heads.

#### **OBJECTIVE:**

The objective of the policy is to ensure that

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, key managerial personnel 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.

#### **ROLE OF THE COMMITTEE:**

The role of the NRC will be the following:

- To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- 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 and to recommend to the Board their appointment and removal.



- To specify the manner for effective evaluation of performance of Board, its committees and individual directors, the evaluation could be carried out either by the Board or the NRC and NRC will review its implementation and compliance.
- To recommend to the Board policy relating to remuneration of Directors, Key Managerial Personnel and Other Employees..

#### **APPOINTMENT OF DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT**

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director and Key Managerial Personnel and recommend to the Board their appointment.
- b) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person who may be appointed in "Senior Management" in accordance with the criteria laid down.
- c) The appointment of any Whole-Time Director/KMP/Senior Management shall also be governed by the prevailing HR policies of the Company
- d) In case of appointment of Independent Director(s), NRC shall satisfy itself with regard to the Independent nature of Director(s) vis-a-vis a Company so as to enable the Board to discharge its functions and duties effectively and in compliance with the Act.
- e) NRC shall consider the following attributes / criteria for recommendation of candidature for appointment as director:
  - i diversity of Board;
  - ii integrity, personal, professional or business standing;
  - iii qualification, expertise and industry experience of the Directors;
  - iv positive attributes of the candidate.
- f) NRC shall consider the following attributes / criteria for appointment of KMP and in Senior Management:
  - i Qualification, experience, skills and expertise to discharge duties;
  - ii Team spirit for achieving goals / objectives of the Company.
- g) In case of re-appointment of Non – Executive Director(s), the Board shall take into consideration the performance evaluation of the Director, engagement level and contribution in the deliberations of Board.

#### **TERM / TENURE**

##### **a) 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.



**b) Independent Director:**

An Independent Director shall hold office for a term up to three/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.

No Independent Director shall hold office for more than two consecutive terms of up to maximum of 3/5 years each, 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.

**REMOVAL**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules and Regulations thereunder or for such other compelling reasons, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director or KMP subject to the provisions and compliance to the Act, Rules and Regulations and prevailing HR policies of the Company.

**RETIREMENT**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing HR policies of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the company, subject to compliance of all applicable legislations.

**POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL**

1) Remuneration to Managing Director / Whole-time Directors:

- a) At the time of appointment or re-appointment, the Managing Director/ Whole-time Director shall be paid such remuneration as may be mutually agreed between the NRC and MD/WTD as the case may be within the overall limits prescribed under the Companies Act and approved by the Board of Directors and members based on the recommendation of the NRC.
- b) The remuneration of the Managing Director/ Whole-time Director(s) is broadly divided into fixed and variable components. The fixed compensation shall comprise salary, allowances, perquisites, amenities and retiral benefits. NRC may make revision in the remuneration / vary the terms of remuneration based on the request received from MD/WTD or the prevailing HR policies of the Company, within the overall remuneration approved by the Board of Directors and Members.



2) Remuneration to Non- Executive / Independent Directors:

- a) The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013 and subject to approval by the Board or Members as the case may be on recommendation by the NRC.
- b) 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 (b) above if the following conditions are satisfied:
  - I. The Services are rendered by such Director in his capacity as the professional; and
  - II. In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

3) Remuneration to Key Managerial Personnel and Senior Management:

- a. The remuneration/ compensation/ benefits, etc. to KMP and Senior Management Personnel shall be determined on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexity, market conditions and prevailing HR policies of the Company.
- b. The annual increments to the remuneration paid to the employees shall be determined based on the appraisal carried out for the employees considering the work assigned to them and achievement of set goals and assessing individual performance, track record and quality of work.

**REVIEW AND AMENDMENT:**

- a. The NRC or the Board may review the Policy as and when it deems necessary.
- b. This Policy may be amended or substituted by the NRC or by the Board as and when required including there are any statutory changes necessitating the change in the policy.

-----  
As amended by Board of Directors on November 3, 2018.

