



NOMINATION AND REMUNERATION POLICY

INTRODUCTION

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, key managerial personnel and employees of the company, to harmonize the aspirations of human resources consistent with the goals of the company and in terms of the provisions of the Companies Act, 2013, this policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management has been formulated by the Nomination and Remuneration/Compensation Committee ('NRC') and approved by the Board of Directors of the Company.

CONSTITUTION OF COMMITTEE

The Board of Directors of the Company (the Board) constituted the committee known as the Nomination and Remuneration/Compensation Committee, consisting of two non-executive independent directors along with other Directors. The Chairman of the Committee is an Independent Director.

OBJECTIVE

The Nomination and Remuneration/Compensation Committee and this Policy shall comply with Section 178 of the Companies Act, 2013, and the applicable rules thereto. The objective of this policy is to lay down a framework in relation to remuneration of directors, KMP, senior management personnel and other employees.

The Key Objectives of the Committee would be:

- To guide the Board in relation to the appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- Formulate the criteria for determining qualifications and positive attributes of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.

- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- To provide Key Managerial Personnel and Senior Management rewards linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent, ensure the long-term sustainability of talented managerial persons, and create competitive advantage.

APPLICABILITY

- Directors (Executive and Non-Executive)
- Key Managerial Personnel
- Senior Management Personnel

DEFINITIONS

- 'Act' means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 'Board' means Board of Directors of the Company.
- 'Directors' mean Directors of the Company.
- 'Key Managerial Personnel' means
 - i. Managing Director, or Chief Executive Officer or Manager and in their
 - ii. absence, a Whole-time Director;
 - iii. Chief Financial Officer;
 - iv. Company Secretary; and
 - v. such other officer as may be prescribed.

- ‘Senior Management’ means Senior Management means the personnel of the company who are members of its core management team, excluding the Board of Directors, comprising all members of management one level below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Act as may be amended from time to time shall have the meaning respectively assigned to them therein.

POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

1. Appointment Criteria and Qualifications

a) The Committee shall identify and ascertain the integrity, qualification, expertise, and experience of the person for appointment as Director, KMP, or Senior Management level and recommend his / her appointment to the Board.

b) A person should possess adequate qualifications, expertise, and experience for the position for which he/she is considered for an appointment. The Committee has the discretion to decide whether the qualifications, expertise, and experience possessed by a person are sufficient/satisfactory for the position concerned.

c) The Company shall not appoint or continue the employment of any person as a 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 the extension of appointment beyond seventy years.

2. Term / Tenure

a) Managing Director/Whole-time Director: The Company shall appoint or re-appoint any person as to 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 the term.

b) Independent Director: An Independent Director shall hold office for a term of 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.

No Independent Director shall hold office for more than two consecutive terms of up to a maximum of 5 years each, but such Independent Director shall be eligible for appointment after the 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.

The Committee shall evaluate the performance of every Director, KMP and Senior Management Personnel at a regular interval (yearly).

3. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

4. Retirement

The Director, KMP 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, KMP, and Senior

Management Personnel in the same position/ remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL

1. Remuneration to Managing/Whole-time / Executive / Managing Director, KMP and Senior Management Personnel: The Remuneration/ Compensation/ Commission etc. to be paid to Director / Managing Director etc. shall be governed as per provisions of the Act and rules made thereunder or any other enactment for the time being in force.

2. Remuneration to Non-Executive / Independent Director: The Non-Executive Independent Director may receive remuneration/compensation/commission as per the provisions of the Companies Act, 2013. The amount of sitting fees shall be subject to ceiling/ limits as provided under the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

DUTIES IN RELATION TO NOMINATION MATTERS

The duties of the Committee in relation to nomination matters include:

- Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- Identifying and recommending Directors who are to be put forward for retirement by rotation
- Determining the appropriate size, diversity and composition of the Board;
- Developing a succession plan for the Board and Senior Management and
- regularly reviewing the plan;

- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from a business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time, including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee; • Recommend any necessary changes to the Board; and
- Considering any other matters, as may be requested by the Board.

DUTIES IN RELATION TO REMUNERATION MATTERS

The duties of the Committee in relation to remuneration matters include:

- Considering and determining the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract, retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- Approving the remuneration of the senior management, including key managerial personnel of the company, and maintaining a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the company.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee.
- Considering any other matters as may be requested by the Board.

REVIEW AND AMENDMENT

- i) The NRC or the Board may review the Policy as and when it deems necessary.

ii) The NRC may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy if it thinks necessary.

iii) This Policy may be amended or substituted by the NRC or by the Board as and when required and also by the Compliance Officer where any statutory changes necessitate the change in the policy.

Date: 14-08-2020

For and on behalf of the

Place: Erode

Board of Directors

Sd

P. Raajashekar

Managing Director

DIN: 01729618